# Environment and Parks

**Annual Report**
2015-2016

Alberta
Government

Copies of the annual report are available on the Environment and Parks website at: http://aep.alberta.ca/about-us/corporate-documents/default.aspx or by contacting:

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Environment and Parks promotes environmental conservation, sustainable management of the province's natural resources and seeks to more effectively use resources and reduce waste. The printed version of this report is produced on 100% post-consumer fibre.

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# Environment and Parks

## Annual Report

2015-2016


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# Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

The transfer of certain programs from the Ministry of Environment and Parks to the newly named Ministry of Agriculture and Forestry that was initiated in May 2015 continued throughout the fiscal year.

**This annual report of the Ministry of Environment and Parks contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the Environment and Parks ministry business plan. This ministry annual report also includes:**

- **the financial statements of entities making up the ministry including the Department of Environment and Parks, regulated funds, and provincial agencies for which the minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information related to trust funds.**

# Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2016, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions at June 16, 2016 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Shannon Phillips]

*Honourable Shannon Phillips*
*Minister of Environment and Parks*

# Message from the Minister

As Minister of Environment and Parks and Minister Responsible for the Climate Change Office I know how proud Albertans are of our province's biological and ecological diversity and our commitment to tackle climate change. Our unique landscape provides us with many cultural and economic opportunities. From enjoying the province's many parks and natural areas to the agricultural and industrial potential in our natural resources, our environment is a big part of what makes this province great.

To improve Alberta's reputation and grow its economy, it is time to take leadership on one of the world's biggest problems – the pollution that is causing climate change. Alberta's Climate Leadership Plan will create jobs by investing in a higher-value, lower-carbon, energy-efficient economy. It will help Alberta do its part by reducing greenhouse gas emissions and energy consumption, and improving the energy efficiency of Alberta homes, businesses and public buildings. Diversifying the economy, creating jobs, promoting innovative environmental technologies and practices, and helping to build our global reputation as an environmental leader is paramount. We have been taking huge steps forward by creating our Climate Leadership Plan and the Climate Change Office. We are on track to meet our goal of leading the country in carbon reduction policy to ultimately reduce greenhouse gas emissions.

Environment and Parks works to address the needs of communities and individuals while looking to protect the species that reside here and their habitats. Environmental integrity is paramount. From the initiative to further protect the Castle Special Management Area to the work being done to protect endangered species, I am proud of the steps our government has taken to improve Alberta's environmental record, protect Albertans' health by monitoring water and air quality and helping to diversify the economy with funding for green energy initiatives.

The department alone cannot under take all of these initiatives. Numerous partners and agencies work with Environment and Parks to help move this important work forward. By working together we are ensuring a healthy future for Alberta through effective environmental management and support.

Each and every one of us has a responsibility to be a steward of our land, air, water and biodiversity. As we reflect on what has been accomplished in the last year, we are also excited to approach new opportunities and challenges in 2016-17.

Together, we can conserve Alberta's natural beauty now and for future generations.

[Original signed by Shannon Phillips]

*Honourable Shannon Phillips*
*Minister of Environment and Parks*

# Management's Responsibility for Reporting

The Ministry of Environment and Parks includes:

- Department of Environment and Parks,
  - Environmental Appeals Board,
  - Surface Rights Board,
  - Land Compensation Board,
  - Public Lands Appeal Board,
  - Land Use Secretariat,
- Climate Change and Emissions Management Fund,
- Land Stewardship Fund,
- Natural Resources Conservation Board, and
- Alberta Environmental Monitoring, Evaluation and Reporting Agency.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Environment and Parks. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – goals, performance measures and related targets match those included in the ministry's Budget 2015.

As Deputy Minister, in addition to program responsibilities, I am responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board, the Minister of Finance and the Minister of Environment and Parks the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by Andre Corbould]

*Deputy Minister Andre Corbould*
*Deputy Minister of Environment and Parks*
*June 16, 2016*

[Original signed by Bill Werry]

*Deputy Minister Bill Werry*
*Deputy Minister of Climate Change Office*
*June 16, 2016*

# Results Analysis

**Ministry Overview**

The ministry currently consists of the Department of Environment and Parks, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, the Natural Resources Conservation Board and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. Within the department's budget, funding is provided for the Land Use Secretariat, the Surface Rights Board, the Land Compensation Board, the Environmental Appeals Board and the Public Lands Appeal Board. The Climate Change Office has been established to implement Alberta's Climate Leadership Plan.

Six delegated administrative organizations which operate outside of government and are accountable to the minister are the Alberta Conservation Association, Alberta Professional Outfitters Society, Alberta Recycling Management Authority, Alberta Used Oil Management Association, Beverage Container Management Board, and the Climate Change and Emissions Management Corporation.

All associated agencies, boards, commissions and delegated administrative organizations are undergoing a review to ensure maximum benefit for Albertans. The first phase of the review included 136 public agencies subject to the *Alberta Public Agencies Governance Act*. As of April 5, 2016 it was announced that 26 agencies would be amalgamated or dissolved. This included the amalgamation of the Land Compensation Board and the Surface Rights Board under Economic Development and Trade. It also included the dissolution of Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA), Alberta Recreation Trails Partnership, Buffalo Lake Management Team and the Disabled Hunter Review Committee. Phase two is expected to be concluded by fall 2016 and the third and final phase is to be concluded by early 2017.

The ministry's authority to carry out its mandate is primarily based on the *Alberta Land Stewardship Act*, *Black Creek Heritage Rangeland Trails Act*, *Boundary Surveys Act*, *Climate Change and Emissions Management Act*, *County of Westlock Water Authorization Act*, *Drainage Districts Act*, *East Central Regional Water Authorization Act*, *Environmental Protection and Enhancement Act*, *Expropriation Act*, *Fisheries (Alberta) Act*, *Forest Reserves Act*, *Government Organization Act*, *Hunting, Fishing and Trapping Heritage Act*, *Mines and Minerals Act (part 8)*, *Natural Resources Conservation Board Act*, *North Red Deer Water Authorization Act*, *Protecting Alberta's Environment Act*, *Provincial Parks Act*, *Public Lands Act*, *Recreation Development Act*, *Responsible Energy Development Act*, *Surface Rights Act*, *Surveys Act*, *The Bighorn Agreement Validating Act*, *The Brazeau River Development Act*, *Water Act*, *Wilderness Areas, Ecological Reserves, Natural Areas and Heritage Rangelands Act*, *Wildlife Act*, *and Willmore Wilderness Park Act*.

## Environment and Parks

Andre Corbould, Deputy Minister

The Department of Environment and Parks is charged with protecting and conserving Alberta's air, land, water and biodiversity. It also manages Alberta's provincial parks systems land base, facilities and infrastructure and access to public lands to provide places for people to experience the beauty of nature, enjoy recreational activities and learn about the province's natural heritage while protecting it for future generations. The department supports economic diversification through a green economy that will improve social well-being while significantly reducing environmental risks and ecological scarcities.

The department addresses the safety of the public and environmental and economic impacts from environmental emergencies through prevention and intervention measures. It also assures public safety by regulating drinking water facilities that require an approval or registration under the *Environmental*

*Protection and Enhancement Act*. The department plays a role in protecting Albertans through the mitigation of climate change and improving resilience and adaptation measures.

The Department of Environment and Parks consists of five divisions: Corporate Services, Operations, Parks, Policy and Planning, and Strategy, supported by Communications, Human Resources and Legal Services. On April 5, 2016 it was announced that the Alberta Environmental Monitoring, Evaluation and Reporting Agency will return to the Department of Environment and Parks as a new Monitoring and Science Division.

## Corporate Services

Tom Davis, Assistant Deputy Minister

Corporate Services Division provides leadership for departmental business processes and approaches, integrated and coordinated support services and financial operations for both Environment and Parks and the Climate Change Office. The Division also manages informatics, data and information science, information technology, records, corporate responsibilities and maps out key directions and priorities.

## Operations

Graham Statt, Assistant Deputy Minister

Operations Division ensures that Alberta's land, water, air, and biodiversity resources are managed, developed, and protected against environmental emergencies using innovative and responsible stewardship approaches that protect the environment and provide a healthy Alberta for future generations. The division uses place-based knowledge to deliver policy, plans, and frameworks to allocate and conserve water resources and manage public lands, government owned water infrastructure, brooding and fish hatchery stations, employing its compliance and assurance program as the regulatory backstop to support these efforts. The division leads the ministry's comprehensive environmental emergency management program, largely through the efforts of its Environmental Support and Emergency Response Team, and maintains regional partnerships and links to local communities and stakeholders.

## Parks

Steve Donelon, Assistant Deputy Minister

Parks Division works to inspire people to discover, value, protect, and enjoy nature and the benefits it provides for current and future generations. It conserves 476 parcels of land across the province (27,600 square kilometres) and offers a wide range of outdoor recreation opportunities. The Parks Division leads the ministry's implementation of *Alberta's Plan for Parks* in association with the *Land-use Framework*. *Alberta's Plan for Parks* affirms the interconnectedness between conservation and recreation objectives of the Alberta provincial parks system. Working with other government ministries, partners and key stakeholders, the Parks Division serves Albertans through: conserving landscapes; planning, building, and maintaining parks infrastructure and operating facilities (like campgrounds, trails, visitor centres); ensuring the safety and security of visitors; providing environmental education and interpretation and nature-based recreation; conducting scientific research; managing permits and leases; providing opportunities for public participation through consultations and volunteering; and supporting a diversified economy through regional tourism.

### Policy and Planning
Ronda Goulden, Assistant Deputy Minister

Policy and Planning Division leads development of environmental and natural resource policy that aligns with the strategic intent of the Government of Alberta and oversees policy integration for the ministry. Responsibilities include ensuring policy is developed based on science, research, analysis, and engagement with public, stakeholders, and Indigenous peoples, and aligns with ministry and Government of Alberta outcomes. The division is responsible for enabling the department's policy capacity by providing sound policy support, tools, advice, and other resources.

The division leads development of resource planning processes and facilitates and monitors the implementation of regional land-use plans and other integrated resource management plans for the department. The planning role incorporates air, land, water and biodiversity management as well as planning around specific issues. In addition, the division facilitates engagement on planning initiatives with municipalities, land users, industry stakeholders and environmental non-government organizations.

### Strategy
Rick Blackwood, Assistant Deputy Minister

Strategy Division provides advice and services to the department and other clients to help them identify and understand a range of complex issues and challenges. Through engagement and consultation activities, the division listens to Albertans to understand how best to advance the department's innovative policy and plans, build and maintain collaborative relationships that leverage resources, facilitate long-term innovative thinking, and support capacity to ensure a shared understanding of responsible environmental stewardship. Strategy Division represents the department's interests with national and international governments highlighting Alberta's initiatives and approaches to responsible resource development and environmental protection: and coordinates the department's position with federal, provincial and territorial governments in the areas of land, air, water and biodiversity. It also assists in implementing, through respectful relationships, initiatives based on the principles of the United Nations Declaration on the Rights of Indigenous peoples. Strategy Division takes the lead in enhancing public safety and minimizing the impacts from flood and drought through constant monitoring of river conditions, accurate mapping, working with Federal partners and developing policy on floodplain management. As part of this work, the Division administers the $500 million Alberta Community Resilience Program and other programs funding resilience projects in Alberta. Strategy Division is also aligned with the Land Use Secretariat in support of regional land-use planning.

## Climate Change Office
Bill Werry, Deputy Minister

The Climate Change Office was established on February 2, 2016 to ensure effective coordination of all aspects of implementation of the Climate Leadership Plan. The Plan is a government-wide initiative that requires necessary support for timely implementation.

### Implementation and Engagement Division
Sandra Locke, Assistant Deputy Minister

The division coordinates project management for Climate Leadership Plan implementation with a focus on ensuring departments and agencies meet key deliverables and timelines. The division also coordinates stakeholder, community and public engagement, partnerships and outreach, funding investments, and provides regulatory and compliance administration for climate change programs.

### Policy, Legislation and Evaluation Division
Lora Pillipow, Assistant Deputy Minister

This division also coordinates climate change strategic direction, policy development and legislation across ministries, provides input into federal policy; monitors and reviews policy and programs in other jurisdictions and recommends adjustments to the Climate Leadership Plan throughout implementation of the plan; and measures, evaluates and reports on progress towards policy outcomes, with a focus on impacts on emission levels, economic competitiveness and performance relative to other jurisdictions.

## Support Areas

Communications Branch, Human Resource Services Branch and Legal Services provide shared services for both Environment and Parks and the Climate Change Office.

### Communications Branch
Janice Coffin, Director

The Communications Branch provides the ministry with the resources to build open communication with Albertans. This includes providing information to the media and directly to the public through the web, social media channels and other communications tools. The branch often works in partnership with government ministries, other orders of government and community and industry organizations. The branch also supports effective internal communications providing staff the opportunity to engage with leadership and with each other.

### Human Resource Services Branch
Mike Boyle, Executive Director

Human Resource Services delivers staffing services including strategies for attraction, development and retention, classification, compensation and employee relations services to the department. It works to build organizational capacity in support of career progression, performance planning, leadership development and coaching. The branch administers occupational health and safety programs and promotes workplace health and wellness initiatives.

### Legal Services
Darin Stepaniuk, Director

Legal Services are primarily provided to the ministry by the Environmental Law Section of the Ministry of Justice and Solicitor General. The Environmental Law Section supports the ministry by providing timely, effective legal and related strategic advice to the minister and all levels of the ministry using a corporate counsel model. The director of the Environmental Law Section is a member of the ministry's executive team and is the ministry's senior legal adviser.

## Associated Groups

### Alberta Energy Regulator

The Alberta Energy Regulator regulates oil, natural gas, oil sands and coal development in Alberta. It ensures the safe, efficient, orderly and environmentally responsible development of Alberta's energy resources. This includes allocating and conserving water resources, managing public lands and protecting the environment while securing economic benefits for all Albertans.

### GeoDiscover Alberta Program Office

GeoDiscover Alberta reports functionally within the department; operating under a mandate from their cross-ministry steering committee. Its mandate extends beyond the Government of Alberta to working with other levels of government, including urban and rural municipalities, the federal government, and internationally by operating as a provider of a wide range of geospatial data and services. Curating a catalog of authoritative geographic data, the GeoDiscover Alberta Program increases accessibility, standardization, and discoverability for all stakeholders, including industry and citizens.

### Kananaskis Improvement District Council

Kananaskis Improvement District Council was established in 1996, under Section 588, Part 15 of the *Municipal Government Act*, to provide direct public representation in the governance of the Kananaskis Improvement District. Council is accountable to residents and ratepayers, as well as to the Minister of Environment and Parks. Council is responsible for helping the minister ensure that the improvement district provides appropriate services and needed services to the constituents. It provides input into policy making related to program and services in the improvement district, and monitors these programs and services to ensure that the administration delivers them in the best way possible.

### Land Use Secretariat

The Land Use Secretariat supports development and implementation of the *Land-use Framework*, including development of Alberta's regional land-use plans. Established under the *Alberta Land Stewardship Act* the secretariat is part of the Alberta Public Service, but is not part of any Government of Alberta department, allowing it to effectively work with all departments involved in land-use planning.

The secretariat operates under the authority of the Stewardship Minister and Stewardship Commissioner. The current Stewardship Minister is also the Minister of Environment and Parks.

Some of the secretariat's specific duties regarding the development and implementation of regional land-use plans include working alongside all government departments to draft the regional plans, consulting with Indigenous peoples, stakeholders and members of the public on draft regional plans and amendments, evaluating the objectives and auditing the policies of regional plans to determine if the purposes of the *Alberta Land Stewardship Act* are being achieved (each regional plan must be assessed every five years), and administering regional plan requests for review, complaints and compliance.

## Agencies and Boards

Under the *Government Organization Act*, the Minister of Environment and Parks is designated as the minister responsible for the legislation creating or continuing the following agencies:

### Alberta Environmental Monitoring, Evaluation and Reporting Agency

The Alberta Environmental Monitoring, Evaluation and Reporting Agency was an arms-length public agency with a board of directors responsible to the Minister of Environment and Parks for providing environmental monitoring, evaluation, and reporting in Alberta. It provided open and transparent access to scientific data and information on the condition of the environment. This data and information informed policymakers, regulators, planners, researchers, communities, stakeholder groups, industries, and the public.

As part of the broader government review of Agencies, Boards and Commissions, an independent review of the Alberta Environmental Monitoring, Evaluation and Reporting Agency was conducted. The review concluded that despite best efforts, Alberta should consolidate its environmental monitoring capacity within the Department of Environment and Parks.

On April 5, 2016 it was announced that the Alberta Environmental Monitoring, Evaluation and Reporting Agency would return to the Department of Environment and Parks as a new Environmental Monitoring and Science Division. Returning the core business of monitoring, evaluating and reporting on the province's environment back to government will occur with the guidance of a new provincial Chief Scientist, an independent Science Advisory Panel and an independent Indigenous Wisdom Panel. This will strengthen scientific capacity and transparency in our reporting, and provide critical knowledge to ensure the protection of the province's natural environment and Albertans' health and safety.

### Drainage Council

The Drainage Council, formed under the *Drainage Districts Act*, supports the Minister of Environment and Parks, drainage districts and other stakeholders by providing relevant advice and regulatory administration for environmental sustainability of agricultural water management practices.

### Environmental Appeals Board

The Environmental Appeals Board was created by the *Environmental Protection and Enhancement Act* and is responsible to hear or, if possible, resolve appeals of specified decisions for regulated entities or directly affected parties as authorized under the act and other applicable legislation, including the *Water Act* and the *Climate Change and Emissions Management Act*.

### Land Compensation Board

This board, formed under Section 25 of the *Expropriation Act*, provides independent, accessible, fair, timely and impartial processes when private land is expropriated by a public authority for projects in the public market.

### Natural Resources Conservation Board

The Government of Alberta has given the Natural Resources Conservation Board (NRCB) the responsibility for delivery of the *Natural Resources Conservation Board Act* and *Agriculture Operation Practices Act*. Under these two mandates the NRCB delivers the following services to Albertans:

- The board conducts hearings and issues decisions with respect to the public interest of non-fossil fuel projects that require an environmental impact assessment, or other larger projects referred to the agency by Order in Council.
- The agency issues approvals, and delivers compliance and enforcement functions for confined feeding operations under the *Agriculture Operation Practices Act*. The board manages requests for reviews related to the Agriculture Operation Practices Act and, if appropriate, conducts hearings and issues decisions.

### Public Lands Appeal Board

The Public Lands Appeal Board was created by the Public Lands Administration Regulation under the *Public Lands Act* is responsible to hear or, if possible, resolve appeals of specified decisions for the regulated entities or directly affected parties as authorized under the *Public Lands Act* and the Public Lands Administration Regulation.

### Surface Rights Board

The Surface Rights Board is a quasi-judicial administrative tribunal established by the *Surface Rights Act*. The act regulates surface rights for a number of different operations including exploration and development of oil, gas and coal. Pipelines and major power transmission lines are also covered by the act. The Surface Rights Board assists landowners/occupants and operators to resolve disputes about:

- right of entry to the owner's land and the compensation payable to the landowner for the entry;
- renegotiation of annual compensation under a surface lease or board order;
- offsite damages; and
- outstanding payments owed to a landowner by an operator under a surface lease or board order.

The Surface Rights Board has an effective dispute resolution program that is crucial to the expeditious and efficient resolution of applications.

## Funds

### Climate Change and Emissions Management Fund

This fund was established in 2007 under the *Climate Change and Emissions Management Act*. Payment to the fund is one of four compliance options for facilities subject to the Specified Gas Emitters Regulation. The fund price for the 2007 to 2015 compliance periods was $15 per tonne of carbon dioxide equivalent, and the fund price for the 2016 compliance period is $20 per tonne. The fund is a restricted purpose fund, where the act specifies "the Fund may only be used for the purposes related to reducing emissions of specified gases or improving Alberta's ability to adapt to climate change".

### Land Stewardship Fund

This fund was established under the *Public Lands Act*. The fund receives proceeds from the sale of public land in Alberta and in turn the ministry accesses these funds to either:

- purchase other lands; or
- provide grants to registered land trust organizations though the Land Trust Grant Program to help fund the acquisition of conservation easements on private lands as well as funding for stewardship activities on lands owned by the land trust.

## Delegated Administrative Organizations

The ministry provides authority to Delegated Administrative Organizations to carry out specified functions described in legislation, regulation or memorandum of understanding administered by the ministry. These organizations function as arms-length, self-funded, legal entities established for the purpose of carrying out delegated functions traditionally delivered by the Government of Alberta. There are currently six Delegated Administrative Organizations associated with the ministry:

### Alberta Conservation Association

The Alberta Conservation Association, formed under the *Wildlife Act*, Section 104(1)(b), conserves, protects and enhances fish and wildlife populations and their habitats for Albertans to enjoy, value and use. Since their inception as a non-profit in 1997, the Alberta Conservation Association has directed hundreds of millions of dollars towards thousands of conservation efforts across Alberta, from studies on the largest species to the securement of vast tracts of precious habitat. Their vision is to have an Alberta with an abundance and diversity of wildlife, fish and their habitats; where future generations continue to use, enjoy and value Alberta's rich outdoor heritage.

The Government of Alberta has delegated the following services to Alberta Conservation Association:

- Implementation and support of:
  - projects and improvements that retain, enhance or create wildlife, fish or endangered species habitat;
  - restoration and re-introduction projects to enhance populations of wildlife, fish and endangered species;
  - inventory of populations and habitats of wildlife, fish and endangered species;
  - projects for the stocking of selected water bodies, including transportation of stocked fish; and
  - a program that provides for payment of rewards to persons who assist the ministry with the enforcement of the *Wildlife Act* and Wildlife Regulation, including maintaining the uninterrupted capacity to receive information from citizens at no cost to them.
- Provision of compensation for damage and loss:
  - caused by wildlife and measures taken to prevent such damage and loss; and
  - occasioned to livestock as a result of the use of a weapon during an open season.

### Alberta Professional Outfitters Society

The Alberta Professional Outfitters Society is a not-for-profit organization, established under the *Wildlife Act* to administer the outfitted-hunting industry in Alberta. There are over 400 member Outfitter-Guides and almost 1,500 Guides registered through the Alberta Professional Outfitters Society that provide big game, waterfowl and bird game services to several thousand clients each year. Delegated activities of the Alberta Professional Outfitters Society activities include the distribution, transfer, and leasing of game allocations provided by the department, sale of licences and permits for guide outfitting activities and discipline.

### Alberta Recycling Management Authority

The Alberta Recycling Management Authority, formed under the *Societies Act* & the *Environmental Protection and Enhancement Act* (Designated Materials Recycling and Management Regulation), is responsible for managing Alberta's regulated recycling programs for tires, electronics, and paint. The authority's role includes collecting environmental fees from registrants; overseeing the collection, transportation, processing, and disposal of designated materials; and promoting the programs.

### Alberta Used Oil Management Association

The Alberta Used Oil Management Association, formed under the *Societies Act* & the *Environmental Protection and Enhancement Act* (Lubricating Oil Material Recycling and Management Regulation), is responsible for managing Alberta's regulated recycling program to sustain and facilitate the responsible collection and recycling of used oil materials in Alberta. Members remit environmental fees which the association uses in turn to deliver incentives, initiatives and programs that facilitate the recovery and recycling of used oil and used oil materials.

### Beverage Container Management Board

The Beverage Container Management Board, formed under the *Societies Act* & the *Environmental Protection and Enhancement Act* (Beverage Container Recycling Regulation), is responsible for managing Alberta's regulated recycling program for beverage containers. The Beverage Container Management Board works with stakeholders such as Alberta bottle depots, the Alberta Beverage Container Recycling Corporation, and Brewers Distributors Ltd. to ensure the collection and processing of

used beverage containers. It is responsible for setting criteria for the beverage container management system, conducting depot and retail inspections, registering new containers, issuing operating permits for depots and approving collection system agents.

## Climate Change and Emissions Management Corporation

The Climate Change and Emissions Management Corporation was established in 2009 and exercises specific responsibilities under the Climate Change and Emissions Management Fund Administration Regulation. It is a not-for-profit organization with a mandate to establish or participate in funding initiatives that reduce greenhouse gas emissions and improve our ability to adapt to climate change. The mission is to achieve actual and sustainable reductions in greenhouse gas emissions and facilitate climate change resilience by stimulating transformative change through investments in innovative projects. These projects include the areas of carbon capture, storage and use, renewable energy, clean energy production, energy efficiency and adaptation.

# Results Analysis

**Discussion and Analysis of Results**

## Executive Summary

To improve Alberta's environmental reputation and grow its economy, it is time to take leadership on one of the world's biggest problems – the pollution that is causing climate change. Albertans need protection from both the increase in frequency and severity of catastrophic events resulting from climate change and the negative health impacts of air pollution, especially emissions from coal power generation.

In light of lower oil prices, Albertans are looking for government to diversify the economy and create jobs by investing in a greener, more efficient economy.

Alberta's landscape faces competing demands, so government's decision-making processes must consider the cumulative social, economic, and environmental impacts in order to find balance. In addition to the ever-present development and population growth, outdoor recreational activities are also putting pressure on the province's landscape. Part of our commitment to serving Albertans has been the development and implementation of regional land-use plans, a key component of the *Land-use Framework*. These plans have begun to balance the desired outcomes within some regions of Alberta by addressing cumulative environmental and economic impacts and opportunities for nature-based recreational and tourism activities.

To achieve cohesive, integrated and responsible resource management, effective policy development and implementation across all levels of government is needed. The government is committed to tackling the challenge of developing open and consistent management of data, records and information in response to Albertans' expectations and empowering individuals, non-profit organizations and businesses to derive value from government information. In addition to these challenges, stakeholder engagement and communication with Albertans are key to incorporating the roles and contributions of Albertans to the province's success.

Finally, there are a number of demographic changes in this province, such as increasing ethnic diversity and a large, young and growing Indigenous population. It is critical the Government of Alberta addresses the unique needs of these groups in order to ensure success for Albertans, including the most vulnerable populations.

The ministry engages with Albertans to better understand the challenges involved in ensuring that Alberta's natural resources are managed using innovative and responsible approaches. To ensure the sustainability of Alberta's air, land, water and biodiversity, all Albertans will need to play a strong role.

Our ministry's budget and expenditures reflects the resources being directed to priority initiatives. In the 2015-16 fiscal year, examples include an increase in spending of $9.8 million on air initiatives, an increase of $7.4 million on water programs and a decrease of $13.8 million on land programs. At the same time, spending on 2013 Alberta Flooding was $12.7 million higher than budgeted in 2015-16 and $33.8 million higher compared to 2014-15; largely due to enhanced efforts on flood recovery initiatives. The costs of running the department were $16.9 million higher than budgeted in 2015-16 and $35.3 million higher compared to 2014-15 due to an increase in spending on flood recovery initiatives and expanded monitoring work.

*Dollar values described in the following Outcome and Priority Initiative reports are expenditure estimates only. Expenditures reported under a given Outcome may also be associated with the work of other Outcomes and Priority Initiatives. Estimates provided are not specifically identified within the Financial Information section of this report.*

DESIRED OUTCOME ONE

## Environment and ecosystem health and integrity

Albertans care about the health and integrity of their environment and ecosystems and the ministry is committed to a renewed approach to conservation, biodiversity and ecological integrity. Productive relationships and strategic partnerships that include Albertans are needed to achieve clean air, quality water, sustainable water supplies, productive and sustainable lands, conserved natural landscapes and protected areas. The ministry works with strategic partners to conserve landscapes representative of Alberta's natural regions, ecosystems and ecosystem services that protect biodiversity and provide habitat for common, vulnerable and endangered species.

Direction to achieve the desired outcomes is provided through legislation, policy, regional plans and frameworks, and is supported by education, outreach, authorizations and compliance programs as well as environmental trends and conditions monitoring, evaluating and reporting. Examples of ongoing ministry initiatives include identifying and recovering species at risk, and the Land Trust Program and the Land Purchase Program which prevent habitat fragmentation, maintain biodiversity and preserve native landscapes. The ministry provides an environmental stewardship framework based on planning and policy and then regulates natural resource access, allocation and use. To protect and conserve Alberta's air, water, land and biodiversity it is essential for businesses, non-governmental organizations, communities and individuals to comply with limits and requirements for pollutant emissions, water withdrawals, wastewater discharges, fish and wildlife harvest, species conservation, timely land reclamation and remediation. Ecosystem health and integrity will enable Alberta to meet environmental, economic and social needs for present and future generations.

*DID YOU KNOW?*

*Alberta has 596 species that are traditionally considered wildlife, including 411 species of birds.*

The following section describes performance measures and indicators, and priority initiatives the ministry delivered in the past year that demonstrate progress towards achievement of Desired Outcome One.

### Desired Outcome One Performance Measures

#### *1.a Total greenhouse gas emissions*

This performance measure tracks the success in meeting the greenhouse gas emissions growth targets measured in million tonnes of $CO_2$ equivalent, as outlined in Alberta's *2008 Climate Change Strategy*. The volume of greenhouse gas that is released into the atmosphere annually affects environmental ecosystem health and integrity by deteriorating the quality of Alberta's land, air and water through pollution levels, climate change impacts and health effects on Albertans. This measure highlights the success of government to manage large emitting sectors within Alberta. This performance measure is also included in the Government of Alberta 2015-16 Annual Report under Desired Outcome Three: Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.

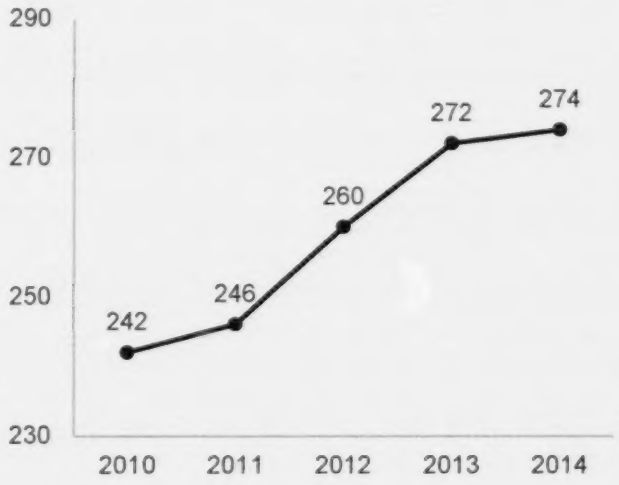
## Results Analysis

The results for 2014 reflect higher overall emissions compared with emissions relative to previous periods. Greenhouse gas increases in Alberta continue to be driven by emissions growth in the oil and gas sector. The target for the measure was not met; emissions exceeded the target by 11 million tonnes. Note that the stated target is a comparable number for the greenhouse gas emissions measure. This target was based on the *2008 Climate Change Strategy* which is transitioning to the Climate Leadership Plan. Compared to 2013 greenhouse gas emissions have increased by two million tonnes. Some of the factors contributing to the changes in emissions span several sources and have been driven by a:

- 2.8 million tonnes increase in emissions from upstream and downstream oil and gas;
- 0.5 million tonnes increase in electricity emissions;
- 1.0 million tonnes increase in energy emissions for transportation;
- 0.9 million tonnes decrease in building emissions;
- 2.3 million tonnes decrease in emissions from energy intensive and trade exposed sectors (pulp and paper, cement, chemical and fertilizers);
- 0.3 million tonnes increase in agriculture emissions; and
- 0.1 million tonnes decrease in waste emissions.

**Figure 1**
Total greenhouse gas emissions (million tonnes)

**Target**
Comparable target is 263 million tonnes for 2014 (based on the *2008 Climate Change Strategy*)




Historically policy has been insufficient to significantly improve emissions performance from large emitting sectors within Alberta or to drive large voluntary reductions. The Government of Alberta has strengthened its actions to combat climate change and is in the process of implementing several performance initiatives announced in the Climate Leadership Plan. Alberta is developing a strategy on climate change based on recommendations put forward by the Climate Change Advisory Panel. Details of the final strategy are being developed; there are four key areas the Government of Alberta is moving forward on. These key areas include the phase out of emissions from coal-generated electricity and developing more renewable energy, development of a new carbon levy for greenhouse gas emissions, the realization of a legislated oil sands emission limit, and the introduction of a new methane emission reduction plan. Future performance measures related to greenhouse gas emissions will reflect these four key areas.

Revenues generated through carbon pricing will also be used to fund provincial efforts to reduce greenhouse gas emissions, research and innovation, green infrastructure, support the development of renewable energy projects, and will include offsets for potential cost increases for low- to mid-income Albertans. Alberta will accomplish the transition with policies that fit with Alberta's unique energy market to ensure the electricity system continues to be reliable. Additional detail about Alberta's Climate Change Advisory Panel and Leadership Plan is available on the ministry's website.

*1.b Kilograms of municipal solid waste per capita disposed of in landfills*

The amount of municipal solid waste sent to landfills indicates Alberta's progress toward reducing the annual amount of municipal solid waste disposed in landfills as measured in kilograms of waste per capita per year. The amount of waste disposed of in waste disposal facilities affects environmental and ecosystem health and integrity by deteriorating the quality of Alberta's land, air and water and signals the amount of resources that have not been recycled or reused. This measure highlights the success in encouraging Albertans to reduce waste and tracks progress on reducing the amount of waste disposed of in waste disposal facilities. This performance measure is also included in the Government of Alberta 2015-16 Annual Report under Desired Outcome Three: Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.

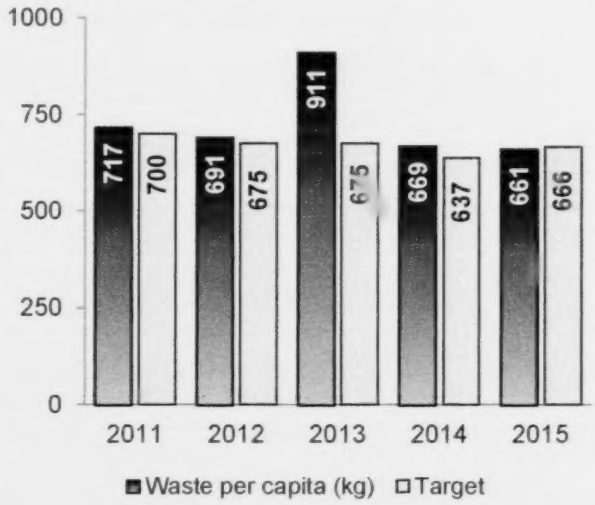
### Results Analysis

Municipal solid waste disposed in landfills decreased from 669 kilograms per capita in 2014 to 661 kilograms per capita in 2015. The actual result for 2015 was 5 kilograms per capita below the target of 666 kilograms. The anomaly seen in 2013 is not reflective of historical trends and represents elevated volumes of waste generated from the southern Alberta floods. For comparability reasons 2013 results were excluded from target determination.

Municipal solid waste disposal is complex and is influenced by many factors. The five year trend shows a decreasing amount of waste. A number of factors can influence this measure including government or private sector waste reduction initiatives, the overall state of Alberta's economy and natural disasters. Innovative approaches will be necessary in the coming years to reduce the amount of waste disposed in Alberta landfills, particularly on high volume waste streams such as organics, packaging and printed materials, and construction and demolition waste.

**Figure 2**
Municipal solid waste to landfills (kilograms per capita)

**Target**
666 kilograms per capita




## Desired Outcome One Performance Indicators

*1.a Air Quality Index*

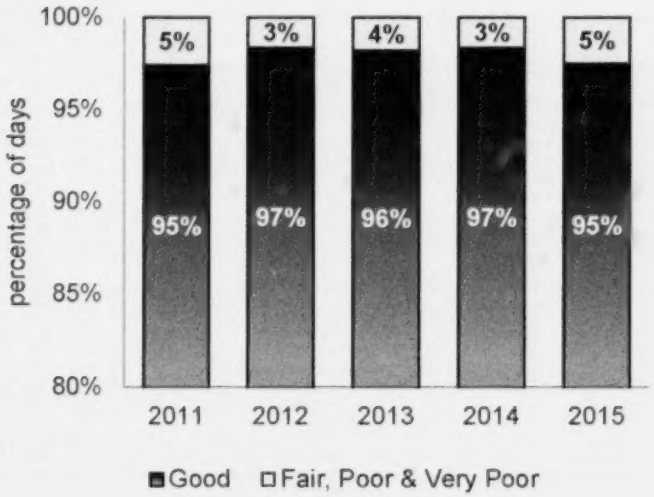
The Air Quality Index (AQI) measures the air quality based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter – $PM_{2.5}$. This performance indicator is also included in the Government of Alberta 2015-16 Annual Report under Desired Outcome Three: Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.

## Results Analysis

Air quality is influenced by the amount of air emissions derived from both natural and man-made sources, and also weather patterns and the assimilative capacity of the airsheds. Industrial and transportation emissions are the largest man-made sources, and forest fires are the largest natural source of air pollution in Alberta. In 2015, Alberta had 'good' air quality days occurring 95 per cent of the time. Year-to-year changes in the percentage of good air quality days are almost entirely accounted for by the occurrence of forest fires, springtime ozone and smog events.

**Figure 3**

Quality of Alberta's air (per cent)




Relative to 2014, there were more springtime ozone events in 2015. These events were most pronounced in the month of May and were likely due to natural springtime ozone levels. There was also some forest fire activity in 2015 that may have affected air quality compared to 2014. Fire activity in May might have contributed to the increased ozone concentrations; July and August fire activity resulted in a higher incidence of poor and very poor air quality, due to fine particulate matter from forest fire smoke. Although the overall results indicate a lower percentage of good air quality than 2014, this is likely a natural fluctuation, as springtime ozone and forest fire smoke have high year-to-year variability. In the winter months (January to March and October to December), air quality can be influenced by wintertime smog. This is the result of accumulation of urban pollution during periods of light wind. Air quality in 2015 winter months was very similar to 2014. The number of air monitoring stations incorporated into this measure, using consistent monitoring technology and meeting data completeness requirements, were: eleven in 2011, ten in 2012, twelve in 2013, fourteen in 2014, and fifteen in 2015.

In addition, air quality in Alberta's six air zones is assessed against the Canadian Ambient Air Quality Standards (CAAQS). The CAAQS differs from the Air Quality Index in a few ways. The Air Quality Index measures air quality hourly, based on five pollutants, with the results expressed annually and rolled-up for the province. Under the CAAQS, air quality is currently assessed based on two pollutants, fine particulate matter and ozone. The current assessment spans a three-year period and is performed for each air monitoring station individually. The station with the highest concentration in an air zone determines the management level for that zone. Non-anthropogenic influences such as springtime ozone and forest fire smoke are removed in the assessment of management levels. In this way, management actions can be effectively targeted. To enhance air quality assessments the CAAQS will be augmented in 2020 with the addition of two more pollutants; oxides of nitrogen and sulphur. The CAAQS is part of a collaborative national Air Quality Management System, which is used to protect human health and the environment.

The information assembled for both the Air Quality Index and the CAAQS are complementary to each other. The *Alberta: Air Zones Report 2011-2013*, released in September 2015 showed that air quality in the Red Deer region exceeded the CAAQS for fine particulate matter. In April 2016, Environment and Parks released the *Red Deer Fine Particulate Matter Response*, which will help bring ambient air quality

in compliance with the CAAQS. In addition, to further protect Albertans from air pollution health impacts the government is developing options to phase out emissions from coal-fired generation by 2030, as outlined in the Climate Leadership Plan.

### *1.b Percentage of species at risk*

Measures the percentage of species at risk in the province

Alberta has long enjoyed the legacy of abundant wild species. These same species are important environmental indicators that provide us with a sense of the health and diversity of the environment. Environment and Parks has designated the protection and conservation of Alberta's air, water, land and biodiversity as a desired outcome supporting environmental health and integrity.

*DID YOU KNOW?*
*The burrowing owl is listed as an endangered species by Alberta's Endangered Species Conservation Committee.*

The percentage of species at risk is one of the performance indicators the ministry uses to guide the effectiveness of its policies and service delivery. The primary objectives are to provide information on, and raise awareness of the current status of wild species in Alberta, to stimulate public input in more clearly defining the status of individual species, to produce a list of candidate species for more detailed status evaluations, and to provide a reference for provincial government agencies in the development of wild species conservation and management programs.

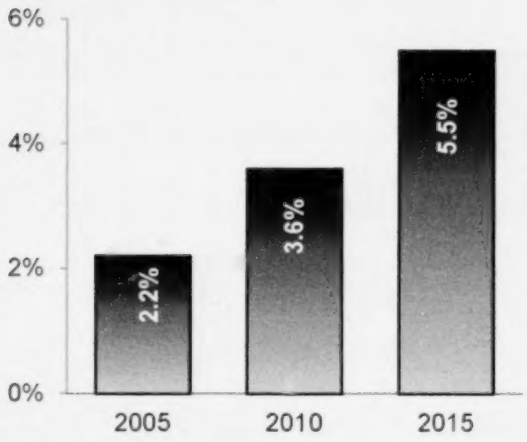
The determination of the general status of wild species in the province is conducted every five years. The information gathered assists the provincial government in determining the need for, and direction of, sound management and habitat conservation programs.

The General Status of Alberta Wild Species 2015 uses a system for evaluating the general status of all wild species in Alberta—one that is identical to that used in the General Status of Alberta Wild Species in 2005 and 2010.

General status determination is the first step in a continuing process of evaluating and reporting on the biological status of Alberta's wild species. Those species that "May Be At Risk" become candidates for a much more detailed evaluation. The 2015 edition of the General Status of Alberta Wild Species represents a substantial improvement in the knowledge base of wild species in Alberta.

**Figure 4**

Species at risk (per cent)




## Results Analysis

The species at risk performance indicator represents a subset of the general status determination information and reports on the vertebrate species identified as 'at-risk' in the province. In 2015 vertebrate species were represented by mammals, birds, fish, reptiles, and amphibians totalling 596 species. Thirty-three of these species, or 5.5 per cent, were identified as 'at-risk'. This is an increase in comparison to the 2010 and 2005 results. In 2010, 3.6 per cent of vertebrate species in the province were 'at risk', and in 2005, 2.2 per cent were identified 'at risk'. The results indicate the number of species 'at risk' have increased between reporting periods. Despite increases in the indicator, the ministry is committed to conservation efforts for 'at-risk' species.

Environment and Parks has influence over special management and recovery actions which outline: identification of the general status, a detailed status assessment, legal designation, and recovery planning, prevention, and implementation of conservation and management actions. Environment and Parks also influences species inventory and monitoring, habitat management and conservation, public education initiatives, and evaluation processes. The indicator is externally influenced by increases in provincial populations of wildlife which influence species life-cycle activities on the landscape. For example, caribou habitat continues to be primarily impacted by industrial development and, for some populations, by wildfire. Creation of roads, pipelines and cutlines create linear corridors which make it much easier for wolves to travel into caribou ranges leaving populations increasingly vulnerable to wolf predation. Cutblocks and wildfire create large patches of young forests which are favoured by moose, deer and elk, which can lead to increased wolf populations, and higher predation rates on caribou.

Since 2014-15, two more recovery plans have been completed for endangered and threatened species and three more management plans have been completed for endangered and threatened species. A total of five recovery plans and 13 management plans have been completed to date. Further information on these plans can be obtained from the Environment and Parks website.

Trumpeter swan was removed from the threatened species list in July 2014 and is now identified as a species of special concern. This means, while still vulnerable, it is not immediately in danger. Four additional species were added to the threatened species list due to declining or small populations. These species are: Athabasca Rainbow Trout, Bull Trout, Pygmy Whitefish, and Western Grebe were added in July 2014.

Species require time to recover and long-lived species may require many decades. In addition, observations of rare species are often difficult to collect. These factors should be considered when interpreting the success of recovery measures. Sufficient time needs to pass to allow species to recover and to collect sufficient information to assess that recovery.

To improve coordination and communication on species at risk issues which are of mutual interest, Alberta and the federal government established the Canada-Alberta Species at Risk Coordinating Committee in 2015.

Progress towards the outcome is validated through the creation and implementation of recovery and management plans for Alberta species. These are instrumental in the recovery of fish, wildlife and plant

species. Alberta commits to the establishment of regulations and programs that provide effective protection of species designated 'at risk' within Alberta.

### Priority Initiative 1.1: Ensure environmental protection, conservation and ecosystem integrity

This initiative set out to ensure that environmental protection, conservation, and ecosystem integrity were addressed, improved and maintained in Alberta. An estimated $103.2 million was spent on this priority initiative in 2015-16 and key results were demonstrated through:

### Land-use Regional Planning

Land-use regional planning remained a priority for the Government of Alberta in 2015-16. Regional plans establish a long-term vision for the regions and identify desired regional economic, environmental and social outcomes and objectives. Further, they align provincial policies, establish the basis for environmental management frameworks, make provisions for new or expanded conservation and recreation areas and provided clarity for land users and land-use decision-makers to ensure environmental protection, conservation and ecosystem integrity.

**North Saskatchewan and Lower Peace Regional Plans** – Regional plans are developed by consulting with stakeholders, Indigenous Peoples and Albertans. Development of the North Saskatchewan and Lower Peace Regional Plans progressed in 2015-16 with a focus on assessing the management options and priorities of each region.

***Lower Athabasca Regional Plan*** **(LARP)** – Delivery of the LARP in 2015-16 included continued development of the Lower Athabasca Regional Landscape Management Plan with Moose Lake, South Athabasca Oil Sands and Richardson Backcountry as key resource management areas.

The Lower Athabasca Regional Landscape Management Plan is scheduled for completion by the fall of 2016 including writing of the South Athabasca Oil Sands Regional Strategic Assessment Technical Report.

Monies totalling $455,000 were used to deliver these key activities.

To enhance stakeholder involvement in the implementation of LARP, a workshop was held in Fort McMurray in October 2015 to explore the concept of establishing an ongoing multi-stakeholder forum to support implementation of the plan. Work continues on the design of this pilot forum, which will be adapted for the other *Land-use Framework* regions.

In the Moose Lake Management Area a key focus was on the planning efforts that included representatives from Fort McKay First Nation to develop management options on specific components described within an access management letter of intent. Progress was made but mutually agreeable management options to address critical items of significant concern to Fort McKay First Nation were not achieved. To support a successful outcome of the process a mutually acceptable mediator was selected as Alberta's representative. Ongoing work is anticipated in 2016-17.

The LARP also targeted ongoing development and completion of a Biodiversity Management Framework. The framework includes regional objectives, indicators and triggers, monitoring, proactive management actions and a management response process to be used as needed in the future. Review and approval is anticipated in 2016-17.

Development of the *Tailings Management Framework for the Mineable Athabasca Oil Sands* was a priority under LARP. The framework has an overall objective to minimize fluid tailings accumulation and ensure they are treated and reclaimed progressively during the life of a project. The framework was approved by the Government of Alberta in 2015 and is currently being implemented through a phased approach (more information on the *Tailings Management Framework for the Mineable Athabasca Oil Sands* can be found on page 27 of this report).

An updated *Surface Water Quantity Management Framework for the Lower Athabasca River* was a focus area for the LARP leading to approval of the framework by the Government of Alberta in 2015 and start of implementation. The objective of this framework is to manage cumulative water withdrawals to support both human and ecosystem needs, while balancing social, environmental, and economic interests.

Environment and ecosystem health and integrity were supported with the public release of the *Surface Water Quantity Management Framework for the Lower Athabasca River* and the completion of a water management agreement among mineable oil sands operators. Operators have been managing their water withdrawals in accordance with the framework since its implementation in February 2015.

The *Surface Water Quantity Management Framework for the Lower Athabasca River* is built upon a foundation of rigorous science and technical expertise, and uses comprehensive knowledge and understanding of stream flows, water quality characteristics, and climate change in seeking to ensure that industry water withdrawals from the Athabasca River have minimal impact on aquatic ecosystem health and downstream communities. As such, it represents a significant step forward toward achievement of ensuring environmental protection, conservation and ecosystem integrity by improving water management and quantity.

Ecological indicators, in conjunction with environmental monitoring, as well as adaptive management triggers built into the framework will enable ongoing adjustment to ensure the water management approach applied to the mineable oil sands industry is minimizing the impact of water withdrawals on the aquatic environment and downstream communities.

Industry operators are required to report weekly water withdrawals to the Alberta Energy Regulator. These values are subsequently compared back to the *Water Management Agreement* between operators, as well as triggers and water withdrawal limits included in the *Surface Water Quantity Management Framework for the Lower Athabasca River*. Any future incidents of non-compliance will become evident through this process.

Delivery of the *Surface Water Quantity Management Framework for the Lower Athabasca River* is guided by the contributing stakeholders and stakeholder organizations, including Indigenous peoples, environmental non-governmental organizations, and Industry as well as local, provincial, and federal governments. Delivery of the Water Management Agreement and the short-term water withdrawal limits identified in the framework is guided by the mineable oil sands operators and the Alberta Energy Regulator.

The same key relationships support continuous improvement and regular updates of the *Surface Water Quantity Management Framework for the Lower Athabasca River*. As new information on the relationship between stream flow, aquatic ecosystem health, and pursuit of traditional activities becomes available, the framework will need to grow and evolve; the stakeholders identified above are the most qualified to support and inform those changes.

Annual delivery of a water management agreement will necessitate continued communication and sound relationships with the Alberta Energy Regulator and mineable oil sands operators.

Implementation of the *Surface Water Quality Management Framework for the Lower Athabasca River* and the *Air Quality Management Framework* continued over 2015-16.

***South Saskatchewan Regional Plan* (SSRP)** – Delivery in 2015-16 focused on development of Linear Footprint Management and Recreation Management Plans for public lands, grassland conservation initiatives and a regional biodiversity management framework. Ongoing key work also focused on continuing management and conservation of air, land, water and cultural resources in the region.

Development of Linear Footprint and Recreation Management Plans for public lands will be developed in collaboration with stakeholders and Indigenous peoples to ensure management of cumulative effects of land disturbance and provide comprehensive, integrated and sustainable recreation management for public land across the eastern slopes. Delivery of the Livingstone and Porcupine Hills Linear Footprint and Recreation Management Plan is anticipated for March 2017.

*DID YOU KNOW?*

*Onefour Research Ranch is considered an essential venue to address a new suite of research challenges of our times, including protection of Canada's mixed grass prairie biodiversity and addressing the challenges posed by externalities such as climate change.*

The SSRP includes a commitment to continue exploring opportunities for further grasslands conservation management approaches using a collaborative approach. Two key grassland areas for consideration are the existing Twin River Heritage Rangeland Natural Area and some adjacent lands, and the Onefour Heritage Rangeland Natural Area; previously a federal research station. A Heritage Rangeland was established under the regional plan in the Pekisko area and there is a commitment to establish a Special Management Area adjacent to this Heritage Rangeland. These initiatives support efforts to maintain intact native grasslands, create an interconnected network of conservation areas on public land and establish new and expanded conservation areas. The Pekisko Heritage Rangeland will preserve and protect a large portion of Alberta's foothills fescue native grasslands using carefully managed grazing and traditional ranching practices to maintain the health of the grassland ecosystem.

Biodiversity and healthy, functioning ecosystems provide a wide range of benefits to communities in the region and to all Albertans. Development of a Biodiversity Management Framework for the region will continue in 2016-17. The framework will describe biodiversity objectives for the planning region, and include indicators, triggers, monitoring, proactive management actions and a management response process to be used as needed into the future. It will provide context for managing the cumulative effects of development on the environment and sustainable use of Alberta's biodiversity resources.

Environment and Parks started implementation of the *Surface Water Quality Management Framework* and *Air Quality Management Framework* for the South Saskatchewan region this year. These frameworks provide information and recommendations generated from air and surface water quality condition reporting and identify any triggers under the management frameworks that have been crossed. It is anticipated the reports for 2014/15 will be released in the first quarter of 2016.

Management, development and use of natural and historical resources in Alberta's Majorville Planning Area through the Majorville Guidelines were a focus area under SSRP this year. The guidelines helped focus resource development to reduce its footprint and avoid or minimize impacts to sensitive environmental and cultural areas; including those on lands important to Indigenous peoples.

Engagement of Indigenous peoples remains a key element of the SSRP. One example of this is the work delivered through the SSRP First Nations Sub-Table. This collaborative group of 13 First Nations' representatives, including Elders and Traditional Knowledge Holders, along with Government of Alberta representatives continued to exchange information and ideas, engage in dialogue and discussion, and explore opportunities to deliver shared stewardship of the South Saskatchewan Region.

Development of regional approaches and tools to support integrated watershed management for source water protection (including headwaters) continued under the SSRP in 2015-16 through the Watershed Management Project. A key deliverable of that work was release of the draft Guide for Source Water Protection and Planning for the region that will be finalized in 2016 based on feedback from municipalities, water utilities, Indigenous peoples, and Watershed Planning and Advisory Councils.

The enhanced protection of the Castle area (through an amendment to the SSRP) was also announced. The announcement included an expansion of the Castle Wildland Provincial Park and a new provincial park to ensure the protection of important headwaters and biodiversity of the Castle area. Consultation with the public, stakeholders and Indigenous peoples was concluded in the fall of 2015.

**Elimination of Tailings Ponds –** Key activities undertaken in 2015-16 to ensure an improved approach to eliminating tailings ponds included supporting development of an Alberta Energy Regulator led directive to implement the *Tailings Management Framework for the Mineable Athabasca Oil Sands* and initiation of policy development and improvement work in the areas of reclamation of fluid tailings and water management expectations for oil sands mine sites.

Additional activities delivered in 2015-16 which contributed towards environment and ecosystem health and integrity included:

- Re-engagement of stakeholders to discuss *Tailings Management Framework for the Mineable Athabasca Oil Sands* implementation and associated government initiatives.
- Establishment of a Stakeholder Interest Group in January 2016 to enhance the integration of tailings initiatives and improve multi-stakeholder involvement and relations.
- Establishment of the Water Management Working Group in January 2016. This group was tasked with:
  - addressing water management on mining sites with tailings ponds;
  - providing input into the Integrated Water Management Project; and
  - improvement of the Government of Alberta led Mine Financial Security Program that manages oil sands and coal liabilities in a consistent and transparent manner.
- Continued development of a regulatory framework for managing fluid tailings.
- Initiation of the development of policy direction related to the reclamation of fluid tailings (Government of Alberta lead).
- Initiation of the development of policy direction for water management expectations for oil sands mines.

In 2015-16 environmental non-governmental organizations, Indigenous peoples, municipalities, industry, and Alberta Innovates all contributed to efforts focused on elimination of tailings ponds.

**Open and Transparent Access to Scientific Data and Information on Alberta's Environmental Conditions and Trends** - The Alberta Environmental Monitoring, Evaluation and Reporting Agency's activities in 2015-16 improved open and transparent access to scientific data and information on Alberta's environmental condition and trends. These key activities included:

- Publicly releasing a Scientific Integrity Review of the 2012-15 Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring on February 22, 2016.
- Completing a Governance Review with stakeholders and working partners to evaluate and improve decision-making and management processes in the oil sands region, and to enhance accountability for funds collected under the Oil Sands Environmental Monitoring Program Regulation.
- Signing a Memorandum of Understanding (MOU) with the Alberta Airsheds Council on March 21, 2016 describing how the two parties will work together to strengthen and better integrate province-wide environmental air quality monitoring, evaluation and reporting. The MOU is a commitment to

strengthen linkages between the agency and all existing Airsheds, to identify gaps in the monitoring network, and to ultimately provide a more complete picture of ambient air quality in our province.

- Setting up a Science Advisory Panel to provide scientific peer review and validation of science implementation to the agency and better demonstrate open and transparent access to scientific data and information.
- Establishing an Indigenous Wisdom Advisory Panel to provide strategic advice and recommendations to the agency regarding meaningful incorporation of indigenous wisdom and the inclusion of Aboriginal peoples within the monitoring, evaluation and reporting system.
- Launching the agencies website was a direct effort to increase public access to environmental science and monitoring work and results. The website takes an integrated approach by linking related and relevant information and resources to give users a fuller, more complete picture of a given topic.
- Ongoing use of the oil sands monitoring microsite (osmreport.ca) as venue to provide direct open and transparent access to scientific data and information. In January 2016 the agency published an electronic community report that featured articles, stories, data and results contributed by all partners conducting monitoring work in the region. For users looking to find more in-depth information, or greater detailed data, the report provides links to relevant reports, monitoring organization websites and data repositories.

Successful accomplishment of these key activities involved input and collaboration from many of the agencies external stakeholders including: Environment and Climate Change Canada; Joint Canada-Alberta Plan for Oil Sands Monitoring Scientific Integrity Review panel; Oil sands industry stakeholders, including industry, communities and non-governmental organizations; First Nations and Metis communities and individuals; Integrated Resource Management System partners; monitoring organization partners; various community stakeholders; the Alberta Airshed Council; Alberta's nine regional Airsheds; and members of the agencies Science Advisory Panel and Indigenous Wisdom Advisory Panel.

As part of the broader government review of Agencies, Boards and Commissions, an independent review of the Alberta Environmental Monitoring, Evaluation and Reporting Agency was conducted. The review concluded that despite best efforts, Alberta should consolidate its environmental monitoring capacity within the Department of Environment and Parks.

On April 5, 2016 it was announced that the Alberta Environmental Monitoring, Evaluation and Reporting Agency would return to the Department of Environment and Parks as a new Environmental Monitoring and Science Division. Returning the core business of monitoring, evaluating and reporting on the province's environment back to government will occur with the guidance of a new provincial Chief Scientist, an independent Science Advisory Panel and an independent Indigenous Wisdom Panel. This will strengthen scientific capacity and transparency in our reporting, and provide critical knowledge to ensure the protection of the province's natural environment and Albertans' health and safety.

**Transition to an Open-source Environmental Information System** – Delivering this task within the Integrated Resource Management System (IRMS) remains a priority for the Government of Alberta. IRMS is a means by which Alberta will achieve responsible resource stewardship. The coordinated approach includes setting and achieving environmental, economic and social outcomes from resource development, while maintaining the social licence to develop these resources. This approach is based on cumulative effects management of land, air, water, and biodiversity and the natural resources contained within this environment (e.g., energy, mineral, forest, agriculture, etc.).

Key activities undertaken and delivered during this fiscal year included the completion of a request for proposal for IRMS Informatics Strategic Support, establishing effective governance to manage informatics work across six IRMS partners and formulating architectural work streams for data, business process, analytics, and technical architecture.

Ongoing relationships with our IRMS partners (Agriculture and Forestry, Alberta Energy Regulator, AEMERA, Energy and Indigenous Relations) supported completion of these activities and better aligned IRMS partners to enable an open-source Environmental Information System. All six organizations are integral in cumulative effects management of air, land, water and biodiversity within the province of Alberta. It is essential they are all using the same information to manage resource development efficiently and consistently. Service Alberta has also been a major partner in working through our learnings, both from an open data perspective as well as enterprise management.

Opportunities for improvement also included increased data discoverability and access through open data facilitated by the IRMS Informatics Strategic Supports Program.

Program spending in 2015-16 included $1.5 million towards the IRMS Informatics Strategic Support Program.

**Land Trust Grant Program –** The Department of Environment and Parks administers the Land Trust Grant Program. The program is funded from the Land Stewardship Fund dedicated to providing grants to eligible land trust organizations to support the conservation of the natural environment for Albertans. Since 2011, the program has helped protect more than 80,000 acres with grants in excess of $38.0 million. In 2015-16, the program helped protect over 13,500 acres with grants totalling $5.9 million. A key example from this program is the MacEwan Foran Property.

## Feature Story: MacEwan Foran Property

Grant MacEwan, the renowned Lieutenant-governor of Alberta, author and conservationist, has left Alberta another gift through the legacy and actions of his daughter Heather MacEwan Foran. In 2011, Heather and her husband Max made the decision to work with the Southern Alberta Land Trust Society to ensure her family's 129 hectare Priddis area property is protected in its native state in perpetuity. The conservation easement will ensure the spruce forests, aspen groves and native grasslands continue to provide habitat for deer, coyote, lynx, red-tailed hawks and other wildlife.

The land has special meaning for Heather; it was purchased by her father a mere two hours after he first laid eyes on it, and became a summer retreat for the family. Heather spent many childhood summers exploring the property, roaming bareback on her horse and falling in love with the land. She and Max eventually moved onto the property in 1974. Heather has always wanted to ensure that the wilderness she loved would be conserved, but it became pressing when she was diagnosed with stage four lung cancer in June 2013. She was able to see the agreement signed and it gave her peace of mind through chemotherapy treatments.

The MacEwan Foran property represents an important stronghold of native vegetation in an area that is experiencing increasing development and fragmentation as a result of the expansion of Calgary and its neighboring communities. Placing a conservation easement on this land ensures the protection of wildlife habitat and movement corridors. It also protects a stretch of Fish Creek and some of its tributaries, helping to maintain the health of the waterway and downstream benefits.

The Land Trust Grant Program provided funding to the Southern Alberta Land Trust Society to cover a portion of the conservation easement procurement costs, and to support a portion of the easement management costs. Under this conservation easement Max and Heather's descendants will have the right to occupy and even sell the land, but development is restricted and the property will remain undisturbed.

### Priority Initiative 1.2: Establish Alberta as an environmental leader

In 2015-16 this initiative continued previous years' work on improving global awareness that Alberta is an environmental leader. An estimated $5.2 million was spent on this priority initiative in 2015-16 and key results were demonstrated through:

**Increasing Greenhouse Gas Mitigation Regulations** – The government's desire to improve Alberta's action to mitigate climate change led to the amendment of the Specified Gas Emitters Regulation in June 2015. Amendment saw an increase to reduction requirements for large emitters, rising from a 12 per cent emissions intensity improvement requirement in 2015 to 15 per cent in 2016 and to 20 per cent in 2017. The carbon price schedule also rose from $15 per tonne of carbon dioxide equivalent in 2015 to $20 in 2016 and to $30 in 2017.

**Alberta's Climate Change Advisory Panel and Leadership Plan** – In June 2015 the Government of Alberta established the Climate Change Advisory Panel. The panel was tasked to engage Albertans in review of Alberta's existing climate change strategy and make recommendations on creating a comprehensive new provincial policy. This new policy was envisioned to place Alberta as a global leader on climate change, while advancing environmental protection and conservation, energy efficiency and renewable energy for the benefit of Albertans.

The panel's engagement focus included the public, Indigenous peoples and stakeholders through tools such as an online survey, open houses and invitation to submit written submissions to an on-line platform. The cost to deliver these engagement activities was approximately $2.1 million.

A Climate Change Secretariat was also formed to provide operational support to the Climate Change Advisory Panel. The Secretariat also facilitated strong communication and coordination between panel members, government and technical experts.

In November 2015, the Advisory Panel tabled the Climate Leadership Report to the Minister of Environment and Parks, summarizing what they heard during their engagement activities and recommendations for action.

In response, the Premier of Alberta and the Minister of Environment and Parks released the Climate Leadership Plan on November 22, 2015. The plan describes four main pillars of action:

1. Carbon Pricing
    - Establishing an economy-wide price on carbon that covers 78 to 90 per cent of provincial emissions. The price of carbon will increase from $20 per tonne to $30 per tonne by January 2018.
    - Investing 100 per cent of revenues generated from carbon pricing back into Alberta. This will include initiatives to reduce emissions such as clean technology, green infrastructure, renewable energy and energy efficiency as well as to initiatives to support Albertans, businesses and communities to transition to a lower carbon economy.
2. Ending Pollution from Coal-fired Electricity Generation
    - Phasing out all pollution (greenhouse gasses and air contaminants) from coal-fired power plants by 2030, significantly surpassing federal requirements. Two-thirds of coal-generated electricity will be replaced by renewables, while natural gas generation will continue to provide base load reliability.
    - Renewable energy sources will comprise up to 30 per cent of Alberta's electricity production by 2030.

3. Capping Oil Sands Emissions
    - Establishing a limit on emissions from oil sands to 100 megatonnes per year, representing the first cap of a major energy producing jurisdiction and mitigating emissions from Canada's largest source of emissions growth.
4. Reducing Methane Emissions
    - Aggressively reducing methane emissions in the oil and gas sector by 45 per cent from 2014 levels by 2025.
    - The methane reduction target was later matched by Canada in the joint statement made by United States President Obama and Prime Minister Trudeau on March 10, 2016, committing both countries to achieving a reduction in methane emissions from the oil and gas sector by 40 to 45 per cent below 2012 levels by 2025.

Shortly after the Climate Leadership Plan was released, the Climate Change Office was established. The Climate Change Office will provide capacity and focus for the implementation of the Climate Leadership Plan, including aligning cross-ministry efforts to advance new policy and achieve integrated and effective implementation of the plan. Additional stakeholder engagement to inform implementation is anticipated.

In December 2015, Alberta Premier Rachel Notley and Minister of Environment and Parks Shannon Phillips, along with an Alberta delegation, attended the United Nations Framework Convention on Climate Change, 21st session of the Conference of the Parties (COP 21) meeting in Paris, France, to demonstrate and advance Alberta's commitment to take action on climate change and move toward a lower carbon economy. This mission highlighted Alberta's Climate Leadership Plan and enabled meetings with key policy influencers and decision makers to ensure enhanced understanding of Alberta's renewed commitment to climate change and the environment. Premier Notley participated in the launch of the World Bank's Carbon Pricing Leadership Coalition at COP 21, a coalition of national and sub-national governments, businesses and civil society organizations that are a peer to peer network to share information on carbon pricing.

Alberta was also welcomed as a new member of The Climate Group's States and Regions Alliance and Minister Phillips participated at the States and Regions Alliance's General Assembly meeting in December 2015. At the meeting, the Minister spoke about Alberta's Climate Leadership Plan and the Government of Alberta's commitment to climate change and the environment. As the Alliance is another peer to peer network committed to taking action on climate change, it provided the province an opportunity to learn from others facing similar challenges and will help put Alberta on the map as a sub-national government committed to dealing with this important challenge.

Also in 2015, Alberta was accepted as a member of the World Bank Partnerships for Market Readiness and continued its membership in the World Bank Carbon Pricing Leadership Coalition. These global partnerships support Alberta in sharing its climate policies and learning from other international leaders.

**Regulation Amendments in Support of Climate Leadership Plan** – In support of Alberta's Climate Leadership Plan, in June of 2015, the Government of Alberta amended four regulations under the *Climate Change and Emissions Management Act* - Specified Gas Emitters Regulation, Specified Gas Reporting Regulation, Administrative Penalty Regulation, and Climate Change and Emissions Management Fund Administration Regulation.

The most significant changes applied to the Specified Gas Emitters Regulation, which replaced a 12 per cent reduction target for large emitters with more stringent reduction targets, by phasing in a 15 per cent reduction in 2016 and 20 per cent in 2017. Additional amendments incorporated standards for baseline applications, facility compliance reporting, offset project development and verification to allow sections of the standards to be binding and enforceable. Records retention requirements were also expanded.

Amendments to the other three regulations complemented the Specified Gas Emitters Regulation which included:

- increasing penalty amounts from $1,000 to $1,500 and from $5,000 to $7,500 for non-compliance, making them more reflective of current pricing;
- adding new offenses and administrative penalties under the *Specified Gas Emitters Regulation* related to deviation from incorporated standards to improve enforceability of program standards; and
- Modifying definitions to improve clarity.

Amendments to the Climate Change and Emissions Management Fund Credit Amount Order included an increase in the price per tonne for carbon emissions from $15 to $20 per tonne for the 2016 emissions year, and $30 per tonne for the 2017 emissions year, with an expiry of December 31, 2017; driving the achievement of targets and encouraging innovation.

Results for Priority Initiative 1.2 also describe results for Priority Initiative 2.1: Lead Development of a New Climate Change Policy Including Advancing Energy Efficiency and Renewable Energy; see page 35.

### Priority Initiative 1.3: Develop and Initiate Implementation of a Land Reclamation Framework

Key activities were to engage with targeted stakeholders on a workbook and discussion document to inform the development of the framework; utilize the engagement results to develop an implementation plan; and release the finalized framework in conjunction with the draft implementation.

The Land Reclamation Framework is anticipated to have a significant role in the Government of Alberta's Liability Management Review and will impact Alberta's overall environmental and ecosystem health and integrity. The expectation is the Land Reclamation Framework will provide a reclamation focus to assist in delivering on the growing liability questions associated with upstream oil and gas. This will have greater significance as the upstream oil and gas sector in Alberta ages in terms of both production and revenue to industry and government.

A preliminary implementation plan was developed based on other department led or supported initiatives that had a reclamation focus, including: the *Alberta Wetland Policy*, regional and sub-regional land use planning for *Lower Athabasca Regional Plan* and *South Saskatchewan Regional Plan*, conservation offsets, Liability Management Review, ecological recovery monitoring on reclaimed well sites, Moose Lake Management Plan, Montney-Duvernay pilot project, Alberta Energy Regulator's aging infrastructure initiative, *Tailings Management Framework for the Mineable Athabasca Oil Sands*, Mine Financial Security Program, renewable energy development on public land, sand and gravel program review, linear restoration research and planning, peat resource management, and using advanced technology for reclamation assessment.

Approximately $34,000 was spent for development of the draft framework and an engagement implementation plan.

### Priority Initiative 1.4: Participate in the Government's Review of its Existing Programs and Policies in Consultation with Indigenous Peoples to Identify Ways to Implement the Objectives and Principles of the United Nations Declaration on the Rights of Indigenous Peoples

During this fiscal year a comprehensive set of ministry priorities and recommendations for Indigenous Relations was created for inclusion in a cabinet report prepared by the Ministry of Indigenous Relations. A renewed focus and engagement with Indigenous peoples has resulted in an initial shift of key activities,

including meaningful commitments to work more collaboratively with Indigenous communities and better manage cumulative environmental effects.

The move towards enhancing the involvement and participation of Indigenous peoples in regional planning in support of the United Nations Declaration on the Rights of Indigenous peoples led to development of the following strategies within the ministry:

- Regionally-focused Sub-tables – Effective implementation of the sub-tables will incorporate regional indigenous planning and advisory committees, and will support the enhancement of consultation capacity for Indigenous groups.
- Biodiversity Management Framework Engagement – A reaffirmed effort to engage with Indigenous people in the development of the Biodiversity Management Framework in the Lower Athabasca Region addresses the need for relationship-building with Indigenous people in the region, and will be an example of integrating traditional ecological knowledge and traditional land use.
- The Moose Lake Access Management Plan and the Richardson Backcountry Initiative - two promising opportunities for advancing the goals of the United Nations Declaration.
- Traditional Land Use Studies – Existing traditional land use study information could be augmented and new information collected with specific deliverables to contribute to regional planning and implementation. This integrates a systematic traditional knowledge and traditional land use approach into environmental management frameworks, sub-regional scale planning initiatives and other appropriate strategies under regional planning (e.g., *Lower Athabasca Regional Plan*, *South Saskatchewan Regional Plan*, species protection plans).
- Traditional Ecological Knowledge and Traditional Land-use Policy – The development of a traditional ecological knowledge and traditional land use policy, in collaboration with indigenous organizations, would fulfill the need for consistent standards and protocols for gathering and integrating traditional ecological knowledge in land-use planning. A policy would demonstrate recognition of traditional ecological knowledge, provide a systematic approach to collecting and using that information, and identify clear objectives regarding how the knowledge is used.

Regionally focused sub-tables are anticipated to provide an important means to support the government-to-government relationship between the Government of Alberta and Indigenous groups. Effective implementation of the sub-tables will incorporate regional Indigenous planning and advisory committees, and will support the enhancement of consultation capacity for Indigenous groups.

## Feature Story: Conservation Canines - an innovative component of the Aquatic Invasive Species Program

Aquatic invasive species, including zebra and quagga mussels, are serious threats to Alberta's waterways. The province is so committed to keeping Alberta mussel-free that mussel-sniffing dogs are now a permanent addition to the Aquatic Invasive Species Program.

Hilo, Seuss and Diesel have been suited up with their vests and protective booties since June 2014, working their tails off at mandatory boat inspection stations throughout the province. Working Dogs for Conservation recruited the dogs from rescue organizations across North America and, along with officers from the California Department of Fish and Wildlife, trained them and their handlers. Several Irrigation Districts contributed the funds needed to employ the four-legged inspectors.

"The success of the Aquatic Invasive Species Program is in the results: we are winning the battle against zebra and quagga mussels. It is exciting to consider how far we have come in a short period of time and it is even more exhilarating to envision where we'll go with the team approach that has been struck", said Bob Chrumka, Chairman of the Eastern Irrigation District. Seuss and Diesel focus their time and energy at the high risk stations along the eastern and southern boarders, while Hilo travels around the province helping out wherever needed.

In the 2014 season 21,449 boats were inspected and 11 were decontaminated for invasive mussels. A total of 25,584 boats have been inspected since program inception in 2013. Zebra and quagga mussels can spread quickly and live out of water for up to 30 days. Once introduced to a waterbody, they are virtually impossible to eradicate. The province estimates that an infestation of invasive mussels in Alberta could cost the province more than $75.0 million annually – including damage to infrastructure and recreational opportunities.

**Meet the Team**

Hilo is the youngest member of the conservation K-9 team. This black lab/golden retriever cross is only 2 years old. Hilo's handler, Cindy Sawchuk, is the leader of the pack, responsible for the operations of both the inspection stations and the conservation canine program, and as such travels to all the inspection stations in the province. Not only does Hilo love to find mussels on boats, he also has a habit of eating his finds, making him – what Cindy teasingly calls – "a detection/decontamination dual purpose dog." Despite his young age, he has already changed careers – he was donated to the Government of Alberta by Guide Dogs for the Blind in San Raphael, California. His focus, high energy and drive make him an excellent inspector.

Diesel is a two-and-a-half-year-old chocolate lab-cross. He and his handler, Heather McCubbin, split their time primarily between the Dunmore and Burmis inspection stations and may also be found at the Coutts station during the high traffic snowbird season. Diesel and Heather are a dynamic duo, working regardless of the temperature or weather conditions. Size can matter in the invasive species detection game – Diesel is small and sometimes has to jump high to reach some areas of the watercraft he is inspecting.

Seuss is a two-and-a-half-year-old German shepherd and while he may look a little intimidating on the outside, he really is a big goof at heart. Seuss' handler, Hannah McKenzie, couldn't pass up the chance to work with a dog that "does everything at 120 per cent and has a contagious enthusiasm for life."

Dogs and trainers met and were paired at the Working Dogs for Conservation training academy led by the California Department of Fish and Wildlife in California. All of these dogs are born Californians and are new to Canada.

DESIRED OUTCOME TWO

## Sustainable economic diversification

Albertans wish to generate economic diversification through a green economy that will improve human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. A green economy is one where growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services.

The Government of Alberta will utilize policy, regulations and economic instruments to catalyze and enable the growth and efficiency of a green economy through investment and development by Albertans in green sectors such as waste, water, renewable energy, ecotourism and outdoor recreation. The development of a green economy as detailed in Alberta's Climate Leadership Plan promotes the government's bottom line of sustaining and advancing economic, environmental and social well-being now and into the future.

The following section describes performance measures and indicators and priority initiatives the ministry delivered in the past year that demonstrate progress towards achievement of Desired Outcome Two.

### Desired Outcome Two Performance Measures

The ministry is developing performance measures for Outcome Two. Once developmental work is complete they will be introduced into future ministry business plans and annual reports.

Development of new performance measures and indicators for business planning and annual reporting is a time consuming task. It is important that appropriate rigour is taken to develop measures and indicators that are robust and meaningful for the ministry. All new measures require sound methodologies and controls to ensure they are reliable, complete, comparable and understandable.

### Priority Initiative 2.1: Lead Development of a New Climate Change Policy Including Advancing Energy Efficiency and Renewable Energy

The report provided under Priority Initiative 1.2 includes results for Priority Initiative 2.1; see page 32. Approximately $5.2 million was spent on Priority Initiative 2.1 in 2015-16.

### Priority Initiative 2.2: In Partnership with other Ministries, Shift Alberta's Economic Diversification Towards a Green Economy to Create New Jobs through Programs that Assist Albertans in Reducing their Energy Use, which will Reduce their Costs and Greenhouse Gas Emissions

Work is underway to determine and define the focus of Alberta's efforts to shift towards a greener economy. This will serve as a platform for further discussions within Environment and Parks and with cross-ministry partners that identify opportunities for greening the economy and contributing to sustainable economic diversification. This work includes research into the key drivers influencing global and local transitions to green economy, discussions on priority areas of focus, as well as identifying strategies and efforts that support greening in Alberta. Environment and Parks has an important role in furthering Alberta's understanding of the nature of the transition to a green economy, in defining what actions, activities and responses constitute greening efforts, and analysing the potential environmental trade-offs of greening efforts.

The conversations that are informing this work continue to generate interest and highlight important linkages across the Government of Alberta. This work represents a timely and necessary conversation and connects key themes pertaining to climate change, economic diversification, renewable energy, environmental leadership, cumulative effects management, *Land-use Framework*, as well as tourism and recreation management.

A cross-ministry working team will continue to build conceptual understanding, answer key strategic questions, and determine next steps to support greening and diversification efforts. This will contribute to a positive shift of Alberta's economic diversification towards a green economy to create new jobs through programs that assist Albertans in reducing their energy use and greenhouse gas emissions.

The energy sector is a key focus of the green economy, which promotes resource efficiency, the development of a conservation ethic, polluter pay principles and full cost accounting. This reflects the ministry's desired outcome towards sustainable economic diversification. A diversified and greening economy may include increased energy efficiency and continual improvement in existing conventional production (including innovation and clean technology), as well as diversifying the energy sector to include new renewable and alternative energy sectors that may operate at a variety of scales – including micro-generation. While low carbon outcomes are key objectives in Alberta's climate change efforts, a transition to a green economy also involves the promotion of a conservation ethic and continual improvement of environmental footprint within society and across sectors. For instance, economic opportunities and innovation that promote resource efficiency and conservation of air, land, and water, and reduce waste are key outcomes of a greener economy.

An estimated $7.4 million was spent on this priority initiative in 2015-16.

## DESIRED OUTCOME THREE
# Social well-being

Albertans love their province and wish to maximize the social benefits a quality natural environment provides. To complement the overall mental and physical health benefits derived from a healthy environment and ecosystem, the ministry manages Alberta's provincial parks systems land base, facilities and infrastructure and access to public lands. Opportunities are provided for Albertans and visitors to explore natural landscapes, engage in nature-based experiences or outdoor recreational activities, and learn about Alberta's natural heritage through the ministry's many educational, interpretative and experiential programs. Additional outdoor recreational activities are provided through management of water reservoirs and fish hatcheries. These interactions enhance social well-being and quality of life while contributing to the provincial green economy through Alberta's recreation and tourism industry. To ensure these opportunities continue to be available to future generations, the ministry will work with Albertans to protect and conserve the province's air, land, water, and biodiversity.

The following section describes performance measures and indicators and priority initiatives the ministry delivered in the past year that demonstrate progress towards achievement of Desired Outcome Three.

### Desired Outcome Three Performance Measures

*3.a Change in licence sales for fishing and hunting*

This metric measures the percentage change in fishing and hunting licences in the province. Nature-based activities provide social benefits to Albertans and foster communities that are engaged in environmental stewardship and responsible use of nature. The ministry issues hunting and fishing licences which provide opportunities for Albertans to engage in hunting and fishing and to connect with nature while developing an appreciation and respect for the outdoors and wildlife. Licensing also provides

revenues for wilderness development and outdoor recreation management plus has indirect tourism and economic benefits.

## Results Analysis

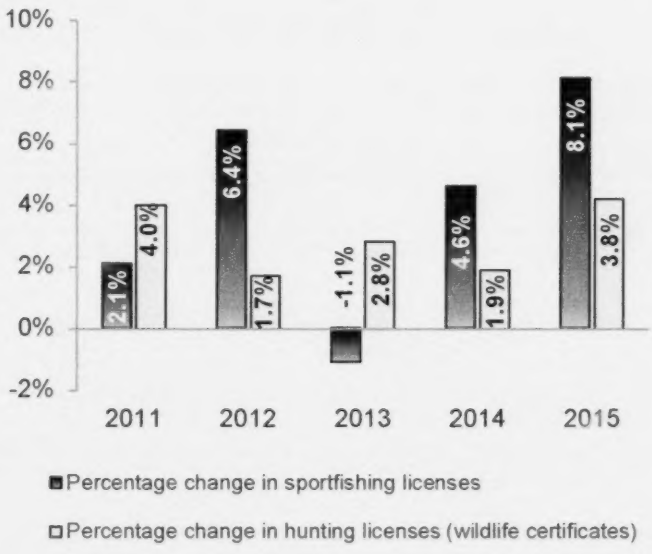
Environment and Parks encourages sustainable hunting and fishing in the province, particularly amongst young people. These activities support and promote responsible wildlife stewardship of Alberta's natural resources for future generations, and provide opportunities for economic, social and recreational development for Albertans. Sportfishing licence and wildlife certificate sales for hunting provide us with a sense of the level of interest in these activities and speak to economic effects related to hunting and fishing in Alberta.

In the 2015 season, the percentage change in resident sportfishing licences were reported as 8.1 per cent, a result that was 3.9 per cent higher than the target (4.2 per cent). The percentage change for wildlife certificates for hunting were reported as 3.8 per cent, which was slightly below the target of 4.1 per cent. Targets for the measure are based on the rolling average of last five years results. Both hunting and angling results displayed increases when compared to the 2014 season.

**Figure 5**
Change in sportfishing and hunting licence sales (per cent)

**Targets**
Sportfishing licence target: 4.2%

Hunting licence target: 4.1%




In terms of real numbers, angler sales increased from 280,425 (representing 7.1 per cent of Albertans) to 303,212 (representing 7.4 per cent of Albertans) from the 2014 to 2015 season. This was an increase of around 23,000 anglers in the 2015 season. Wildlife certificate numbers increased to a smaller degree from 123,438 to 128,077, increasing by about 5,000 hunters in the 2015 season. In relation to the percentage of Albertans hunters represented 3.1 per cent of the population in both years.

Both hunter and angler populations show a steady increase over time when considering the historical five year trends. Provincial population growth is placing a greater demand on our fish and wildlife resources. Albertans and government have an important role to play ensuring wildlife resources are allocated fairly and managed responsibly.

Environment and Parks manages and regulates hunting and fishing activities (hunting and fishing licencing, limits, draws, and restrictions/closures), recreational access to the land, and provides an educational component to recreational users to influence Albertans to be responsible stewards of this recreational resource. Hunting and fishing activity are also occasionally influenced by annual weather conditions resulting in licence sale fluctuations.

Fishing closures in August from low water flows combined with hot weather resulted in high water temperatures in several rivers and streams throughout southern Alberta. Angling in these areas presented a high risk to fish populations, even when using catch and release practices. Conservation measures were well received by Alberta's angling community and licence sales were not impacted.

Alberta Conservation Association hunting and sportfishing licence levy fees increased April 1, 2015. This levy increase resulted in an additional $2.6 million in licence fee revenue being directed to the Alberta Conservation Association to help fund its range of programs in support of fish, wildlife and outdoor activities. Alberta's licensing cost remains comparative with other Canadian jurisdictions. Also in 2015, efficiencies in service deliveries have resulted in an addition $1.8 million in cost savings making more licensing revenue available to support resource management initiatives.

Increased access to online licensing services coupled with enhanced communications and licence fee management all help achieve the ministry's desired outcome of social well-being of Albertans through access to its fish and wildlife resources. The contributions of licensing revenue from hunters and anglers as resource stewards are critical to our success. Effective management and cooperative relationships will ensure that hunting and angling remain sustainable and continue to contribute to our culture and economy for decades to come.

### *3.b Provincial park or recreational areas visitation*

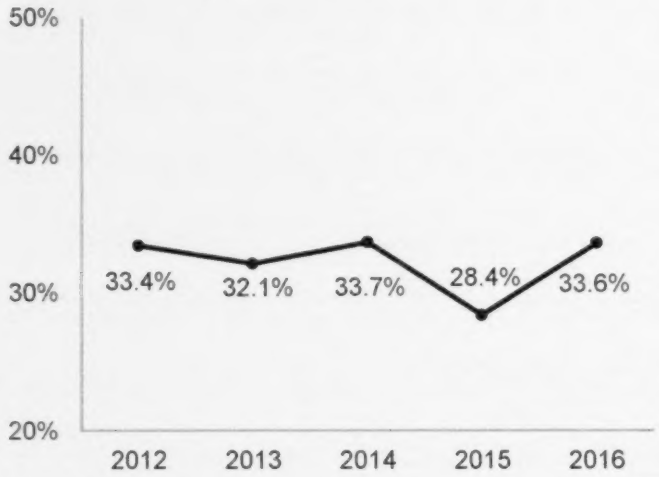
Albertans who visit Alberta Parks managed by the ministry have opportunities for enjoyable and safe experiences in nature and a variety of nature-based outdoor recreation activities, which contributes to overall social well-being.

#### Results Analysis

Alberta Parks fosters outdoor, nature-based experiences for Albertans, and visitors to Alberta Parks contribute to the economic and social fabric of Alberta. The annual Survey of Albertans identified that 33.6 per cent of Albertans visited a provincial park or recreational area last year. This result was 5.2 per cent higher than the 2015 results and exceeded the target by 0.6 per cent. Results indicate that approximately one-third of Albertans visit Alberta Parks annually.

**Figure 6**
Albertans who visited a provincial park or recreation area (per cent)

**Target**
33.0 per cent




It is important to note that while the percentage of Albertans visiting Alberta Parks has remained consistent over the last five years, the overall number of visits has increased. This can be determined by looking at the province's population growth year over year. Using the latest population estimates for Alberta from 2010 to 2015, we see that the population has increased by approximately half a million people. With about one third of Albertans visiting Alberta Parks at least once, it is estimated that the number of visitors increased by approximately 230,000 during this period. As

camping is often a family activity, visitation numbers are considered to be underrepresented as youth are not accounted for in the survey results.

Results for this measure are influenced by changing weather, population characteristics, economic conditions, public awareness of facilities and services, and frequency of visits. The ministry expects the actual number of visitation to Alberta Parks to increase as the provincial population numbers grow. Environment and Parks continues to work with Albertans, stakeholders and communities to responsibly care for and manage Alberta's provincial parks and encourages Albertans to get outdoors, connect with nature and explore Alberta Parks.

## Desired Outcome Three Performance Indicator

*3.a Visitor satisfaction with the quality of services and facilities at provincial parks*

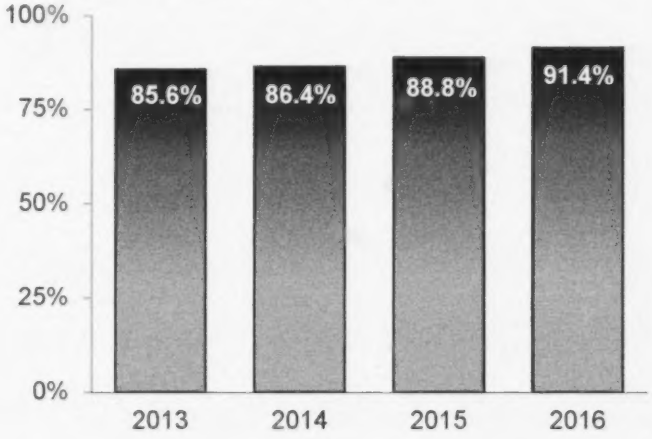
This performance indicator is also included in the Government of Alberta 2015-16 Annual Report under Desired Outcome Three: Alberta supports and preserves a natural environment for Albertans that has clean air, water and protected wilderness areas.

### Results Analysis

Consistent with last year, the majority of Albertans (91.4%) who have visited Alberta Parks in the past 12 months are satisfied overall with the quality of services and facilities in the Alberta Parks they visited. Overall satisfaction has been gradually trending upward since 2013. Similar to the Alberta Parks visitation measure, satisfaction is also influenced by weather, population shifts, the economy, public awareness of facilities and services, and frequency of visits.

**Figure 7**

Albertans who are satisfied with the quality of services and facilities at provincial parks (per cent)




Other results from the Survey of Albertans illustrate these attributes. In 2016, the majority of Albertans indicated that Alberta Parks had good facilities and services (82.8 per cent), are safe and secure (86.1 per cent), are well managed and maintained (82.4 per cent), provided a full range of activities for the family (79.0 per cent) and were good value for their holiday dollars (77.1 per cent). About 64.7 per cent of respondents indicated they would be likely to visit Alberta Parks again in the next 12 months. The likelihood result for visiting an Alberta Park again is 6.9 per cent lower than 2015 results and may be an indication of the current economic atmosphere in Alberta.

## Feature Story: Alberta Parks and the 2013 Flood

A little more than two years after the massive flooding in June 2013 in Kananaskis Country, the hard work of restoring several of the region's iconic trails is mostly done.

In the late spring of 2015 the Alberta Parks Bow Valley trail crew began seasonal work on the Ribbon Creek and Galatea trails, off Highway 40. Ribbon Creek probably had the worst flood damage of any of the popular Kananaskis Region trails – water and debris raged down this narrow creek bed, taking out all the bridges and piling up massive knots of dead trees, brush and boulders at every turn.

Work on Ribbon Creek in 2014 was mostly focused on re-establishing a connection between Kananaskis Village and the upper portion of the trail, repairing key bridges and rerouting several sections of trail so hikers and campers could access the backcountry campgrounds at Ribbon Falls and Ribbon Creek. In 2015, the crew was back at the site, replacing trail along the lower section of the creek bed and putting in a new, wider section on the bank above the creek, which will be groomed for cross country skiers.

By the end of this past summer, when all the work was completed, the crew had put in four new fibreglass bridges (flown in by helicopter) and two new wooden bridges. The experience on the trail is a bit different, for hikers and bikers accustomed to the "old" Ribbon Creek – the trail along the creek bed is narrower, and follows a different path overall. Try it out this winter with your skis or snowshoes or visit after the snow melts in the spring.

A few kilometres down the highway, repair and rerouting on the Galatea Trail was another huge summer 2015 job for the Bow Valley trail crew. Although the big suspension bridge just off the trailhead survived, the crew replaced six additional bridges along the trail this past summer, three fibreglass and three wood, as well as building several reroutes and navigating one steep slope that had been completely eroded. In 2016, plans are underway for a rebuild of the popular Lillian Lake backcountry campground, which was directly in the path of the 2013 flood.

Kananaskis Region of Alberta Parks has three seasonal trail crews, and they were all kept busy in 2015 repairing flood damage. They collaborate closely with trail crews from Public Lands, and with volunteer groups including the Friends of Kananaskis. Avid hikers, bikers, equestrians, skiers, snowshoers, and motorized trail users will see improved trail conditions throughout the region, including Big Elbow Trail, Boulton Creek, Sheep Trail, Etherington Creek, Paddy's Flats, Fullerton Loop, and many more.

### Priority Initiative 3.1: Implement *Alberta's Plan for Parks*, in conjunction with the continued implementation of the *Land-use Framework*

An estimated $26.0 million was spent on this priority initiative in 2015-16.

In implementing *Alberta's Plan for Parks* in 2015-16, synergies existed with the *Land-use Framework* implementation and fulfillment of the plan and framework contributing towards achievement of ministry Desired Outcome Three, Social Well-being.

**Identify and Develop Opportunities for Recreation** – The Capital Maintenance and Renewal Program continued to maintain and upgrade Alberta Parks' facilities and infrastructure. Program implementation was dependent on collaboration with the Ministry of Infrastructure. The ministry provides cost quantifiers and templates for use in Alberta Parks' construction projects. In 2015-16 approximately 50 upgrade projects were initiated including upgrades to water supply and wastewater systems at several parks, washroom facility upgrades at the Sikome Aquatic Facility, new cabins at William Watson Lodge, yurts at Miquelon Lake Provincial Park, outhouse replacements at several provincial parks and day use areas and trails upgrades at several parks.

*DID YOU KNOW?*
*Over 31,000 Alberta Parks camping reservations have already been received this year.*

*You can make online campground reservations through Reserve.AlbertaParks.ca.*

Through the Capital Maintenance and Renewal Program, more than $150.0 million was spent over the past 10 years to upgrade and modernize existing Alberta Parks' assets. In 2015-16, delays to the start of some Capital Maintenance and Renewal Program projects resulted in a capital carry forward to complete the projects in 2016-17.

**Modernizing Parks Legislation** – This new legislation is intended to provide clarity to the public and provide tools to staff to manage the land base. This initiative is also identified in *Alberta's Plan for Parks* and calls for refining the current parks' classification system. A new classification system has been developed which would be included in the new legislation proposed.

### Priority initiative 3.2: Implement a provincial recreational trails pilot project that will generate recreational, active living and environmental benefits

The pilot projects implemented from the 2015-16 year of the Recreational Trails Pilot Project resulted in many 'on-the-ground' improvements to several provincially significant trails across the province. These specific trails improvements and upgrades will help to attract more recreational users and tourists, deliver better recreational experiences and, in some projects, mitigate environmental impacts from the trail and contribute to the outcome of social well-being.

Key activities performed during the 2015-16 fiscal year supported the implementation, reporting and analysis of the 14 pilot projects selected by the partnership; worked with the partnership to use learnings from pilot projects to provide recommendations to the ministry for consideration during the development of a provincial trails strategy and plan; and evaluation of the performance of the partnership and the trails pilot program.

All 14 projects selected by the partnership for the first year were initiated. These included the South Ghost Staging Area Redevelopment, the McLean Creek/Ghost Trail improvements, the MacGillivray-Spoon Valley-Vicary Rehabilitation Project, the Clearwater Trails Initiative-Rig Street Pilot, the Whitecourt-

Golden Triangle Trail, the 7-27 Descent on Moose Mountain, the Northshore Trail along Lesser Slave Lake, Athabasca Landing, and the Grouard-Peace River Trail. The top projects with immediate impact were:

- Alberta Off-Highway Vehicle Association - South Ghost Staging Area: Clean-up, redevelopment and an enhanced and sustainable feeder connection to the popular trail system created a potential model of a motorized staging area that can be adopted elsewhere. The pilot also included the Eastern Slopes ATV Society taking on operation of the site (garbage/waste removal from new toilet) for two years through a cooperative agreement with Alberta Parks.
- Alberta Snowmobile Association - Golden Triangle Trail: An additional trail review of the Golden Triangle took place. Emphasis was placed on aligning all three sections of the trail to ensure similar trail standards. These changes open options such as multi-day sledding experiences.
- Alberta TrailNet Society - Athabasca Landing: further support of a provincially significant destination trail.

Preliminary analysis of reports from the pilot projects completed in 2015 indicate much of the funding was used for capital building and maintenance to bring the selected trails up to a greater standard with some enhanced amenities. Funding was provided to the three main trail-based groups through grants. These organizations were then responsible for the further allocation and distribution of funds, as well as general oversight of their projects to ensure success.

## DESIRED OUTCOME FOUR

# Protected public health and safety from environmental conditions and events

Environment and Parks worked with Health, Municipal Affairs, the Alberta Emergency Management Agency and other ministries and agencies to assure the public is protected now and in the future from the adverse effects of environmental conditions and events. Safety and economic impacts from environmental emergencies were addressed by ministry prevention, mitigation, response and recovery measures. Drinking water facilities that required approval or registration under the *Environmental Protection and Enhancement Act* are regulated. Ministry support was provided through education, training, planning, forecasting, assessment, coordination, grant funding to municipalities and First Nations and the management of water infrastructure, wildlife interaction and environmental emergencies. Examples of this support were the creation of the Climate Change Office, problem wildlife management, flood hazard mapping, flood recovery and mitigation by water operations infrastructure management, flood and drought funding programs and enhanced flow monitoring programs. Collaborative efforts by Albertans were key to assuring protected public health and safety and to building resiliency to mitigate the impacts of catastrophic events.

The following section describes performance measures and indicators and priority initiatives the ministry delivered in the past year that demonstrate progress towards achievement of Desired Outcome Four.

### Desired Outcome Four Performance Measures

The ministry is developing performance measures for Desired Outcome Four. Once developmental work is complete they will be introduced into future ministry business plans and annual reports.

## Desired Outcome Four Performance Indicator

*4.a Drinking water quality indicator: Percentage of facilities with no significant drinking water quality incidents*

The drinking water quality indicator reports the percentage of Environment and Parks regulated facilities that provide quality drinking water to Albertans without significant incident. Under the *Environmental Protection and Enhancement Act*, Environment and Parks regulates waterworks facilities that provide drinking water to Albertans, including campgrounds and rural subdivisions that use surface water sources, as well as all waterworks in villages, towns, and cities.

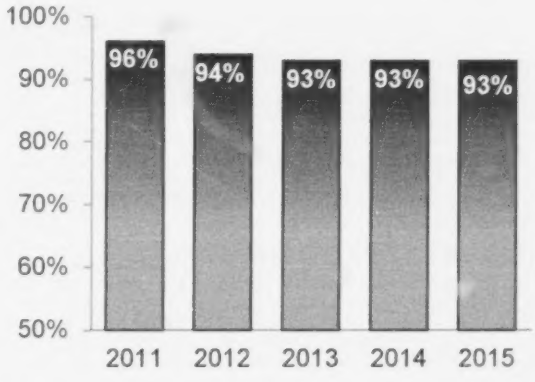
### Results Analysis

In 2015, 93 per cent of facilities operated without any significant drinking water quality incidents. Where significant incidents did occur, advisories were issued by Alberta Health Services, where necessary. Environment and Parks staff assisted operators in addressing problems until Alberta Health Services was satisfied their advisory could be lifted.

The results were the same as last year, and similar to the previous year results. The five year historical trend is generally flat and shows very small change over time. Note that the data for the indicator does not include water works facilities at industrial sites.

**Figure 8**

Drinking water quality indicator: Facilities that did not have a drinking water quality incident (per cent)




Improvements for drinking water quality are made in two areas: events related to treatment plant upsets and post-treatment quality concerns that do not pose an immediate drinking water safety issue. The area for priority improvement is to reduce treatment plant upsets that result in immediate health concerns. Long-term consumption concerns also need to be addressed over time to improve the results. This year, treatment plant upsets made up a slightly larger percentage (0.5 per cent) of the area for improvement, while the long-term issues stayed essentially the same. Long-term issues were typically related to disinfection by-product formation, which occur mainly within the distribution system. Continuous improvement in upgrading treatment processes within facilities as well as proactively addressing operational challenges are two expected approaches that will continue to reduce treatment-related water-quality incidents. A focus on better controlling water-quality changes in the distribution system is another area being pursued by Environment and Parks staff.

## Priority Initiative 4.1: Develop plans and programs to anticipate and minimize impacts of major catastrophic events and to protect communities

In 2015-16, previously developed plans and programs guided the ministry's primary responses (proactive and reactive) to managing known and emerging environmental issues that could negatively impact public and environmental health. An estimated $126.5 million was spent on this priority initiative in 2015-16 and key results were demonstrated through:

**Aquatic Invasive Species Management** – Key milestones achieved in 2015-16 were the continuation of the provincial Aquatic Invasive Species Program, amendments to the *Fisheries (Alberta) Act* to allow for

mandatory watercraft inspections and the inclusion of the highest risk aquatic invasive fish, invertebrates and plants on a newly developed prohibited species list.

In addition to the continuation of province-wide watercraft inspection stations protecting Alberta water resources from harmful invaders such as quagga and zebra mussels, and the existing "Clean, Drain, Dry Your Boat" campaign, the "Don't Let it Loose" campaign was initiated, increasing public awareness of intentional release of fish and other aquatic species. A cross-ministry Aquatic Invasive Species Standing Committee was convened to guide the program and ensure collaboration between partners, and the first Alberta Aquatic Invasive Species annual report was developed.

Additional key activities included the development of a working group of ministry partners (Fish and Wildlife Policy, Forest Health, Operations, Rangelands); the identification of gaps and issues with existing invasive species management; and the development of a business case for a two-phased project to enhance the management of invasive species (phase one: Environment and Parks, phase two: cross-ministry).

Progress towards the outcome of protecting public health and safety from environmental conditions and events was made through the development of Environment and Parks' invasive species working group, and the cross-ministry team level. As a component of the larger initiative, the Aquatic Invasive Species Program increased both in profile and deliverables; 2015 saw the most substantial expansion of the program to date.

**Flood and Drought Mitigation** – Ongoing ministry work to develop plans and programs to anticipate and minimize impacts of major catastrophic events and to protect community's continued and key activities undertaken were:

- Multiple river hazard studies started in September 2015, studying over 500 kilometres of river in the Bow, Elbow, Highwood, Sheep, and Peace River basins. These multi-year studies are expected to be completed by March 2017. River Engineering and Technical Services staff are co-chairing four national flood mapping technical working group subgroups in support of national disaster mitigation initiatives.
- Selection of Bow, Elbow and Highwood River basin structural flood mitigation options. Decisions on mitigation options for the Highwood and Elbow create safer communities along both of these rivers. The mitigation dollars committed by the Government of Alberta will protect residents along both of these rivers from a similar flood event as occurred in 2013. Similarly, the Bow River Working Group will provide options on protecting communities along the Bow River, including downtown Calgary.
- Coordination of local government grants funding under the Alberta Community Resilience Program and Watershed Resiliency and Restoration Program mitigate future extreme flood and drought events. This grant money to municipalities and Indigenous peoples through the Alberta Community Resilience Program and the Watershed Resiliency and Restoration Program enhances the health and safety of numerous communities throughout Alberta by increasing communities' protection from the worst effects of flood events. These grants are essential to increasing the resilience of communities to withstand flood events. The Watershed Resiliency and Restoration Program also benefits the environment by restoring critical wetlands and riparian areas that provide natural buffers against flood and drought. An important step in protecting life, the environment and the economy is to provide decision makers information on the location of high risk areas. New flood policy and new flood hazard maps will provide municipalities and Albertans the information necessary to make informed decisions on development and allocation of resources necessary to protect communities from future flood events. An enhanced flood hazard or flood risk mapping program is required to provide this service provincially and is being developed.

A further activity included introduction of the first round of Alberta Community Resilience Program grants on April 2, 2015. A total of approximately $68.7 million in funding was allocated to 21 projects in 16

municipalities to be disbursed in 2015-16 and 2016-17. Municipalities receiving the grants include those most impacted by the 2013 and 2014 floods - Calgary, Municipal District of Bighorn, Municipal District of Foothills, Municipal District of Pincher Creek, Nanton and High River – as well as communities that face significant future flood risk including Peace River, Manning, Whitecourt, and Lethbridge County. Approved projects include construction of flood barriers, upgrades to water management infrastructure, construction or expansion of dry/wet ponds, and erosion control and bank stabilization for vulnerable riverbanks across the province.

*DID YOU KNOW?*

*Since 2014, almost 350 kilometres of backcountry trails have been repaired through the Backcountry Trail Flood Rehabilitation Program.*

On November 2, 2015 Environment and Parks committed $30.0 million in multi-year funding for additional flood mitigation projects in the Town of High River and neighbouring municipal districts. On October 26, 2015 Environment and Parks announced a provincial funding commitment of $297.0 million to ensure communities along the Elbow River are protected from a 2013-level flood.

Springbank Off-stream Reservoir and local mitigation projects in Bragg Creek and Redwood Meadows proceeded. Additionally, the Government of Alberta committed to establishing the Bow River Working Group to provide advice to government on a strategic plan for water management in the Bow River. This group is jointly chaired by the province and the City of Calgary and includes representation from rural municipalities, irrigation districts, local Indigenous communities and other stakeholders, with a mandate to assess future flood protection along the Bow River.

The second round of Alberta Community Resilience Program 2016-17 fiscal funding was announced on February 26 and 29 2016 in Calgary, Lethbridge, Medicine Hat and Peace River by Premier Notley and Infrastructure Minister Mason. A total of 19 projects were approved for funding between 2016 and 2018 amounting to $51.7 million.

The department established the Watershed Resiliency and Restoration Program to promote the long-term ability of watersheds to mitigate the effects of future flood and drought events through natural non-structural means such as wetlands and riparian areas. Outreach, engagement, education and communication activities undertaken by the Watershed Resiliency and Restoration Program continue to raise the profile and support for natural watershed enhancement initiatives.

In the 2015-16 fiscal year, Environment and Parks spent $9.0 million towards watershed resiliency and restoration program delivery.

## Feature Story: Bio-engineering in the South Saskatchewan Region

Water Technologist Kelsey Morin, with the South Saskatchewan Region, has learned first-hand how soil bio-engineering can help build natural ecosystem resilience. Kelsey attended an informative hands-on workshop in early October 2015, delivered by David Polster, an ecologist with over 30 years' experience.

David's specialty is in naturalized processes for slope stabilization and land restoration. In the South Saskatchewan Region, following the flood of 2013, there was widespread interest to learn and apply these techniques to mitigate impacts on fish and riparian habitat.

The Watershed Resiliency and Restoration Program hosted David as the first of its speaker series in the spring of 2015 to over 100 municipal and provincial staff, as well as watershed resiliency and restoration stakeholder practitioners.

David's message was simple: nature knows best. Soil bio-engineering techniques assist in the recovery of landscapes that have been damaged by events, such as floods, by implementing natural processes. He shared several examples that include using willow stakes to restore a river bank and protect it from erosion. Another example was creating "rough and loose" conditions on slopes to prevent surface runoff by giving water and seeds the chance to be captured, germinate and grow.

Left to its own devices, a landscape will slowly recover, but we can speed up that process by providing the right conditions and removing barriers.

"This method of erosion control has many added benefits," said Kelsey. "Not only is it effective at preventing erosion, it also increases biodiversity and helps mitigate flood and drought, and it's very cost effective." Kelsey found it especially relevant to Alberta, given our own erosion issues following the recent floods.

The Fisheries Habitat Enhancement and Sustainability Program and the Backcountry Trails Flood Recovery Program also employed David Polster's expertise. This was in partnership with Trout Unlimited Canada, along Hidden Creek in the Oldman River watershed, where slumping banks are adversely affecting important trout spawning habitat.

Staff and volunteers recently spent a weekend constructing wattle fences. These function as a source of "natural rebar" to stabilize and reinforce eroding banks. This, in turn, reduced the amount of sediment getting into the creek.

"It's incredible how passionate and committed people are to protecting these important ecosystems," said David DePape, senior manager with the Fisheries Habitat Enhancement and Sustainability Program, commenting on the number of people who came out to assist in this effort.

More sites and education opportunities were expected as the flood recovery programs partnered with the City of Calgary in an effort to naturalize the recently restored river banks. Soil bio-engineering is not new. Nature has been doing this from the beginning.

**Priority Initiative 4.2: Continue Alberta Parks' facility and infrastructure recovery work arising from the 2013 southern Alberta floods**

During the 2015-16 construction season, as much flood damaged Parks infrastructure (campgrounds, day-use sites, water and wastewater systems, roads, trials, bridges, etc.) was repaired as possible including the completion of the first year of the two years Kananaskis golf course reconstruction activities. A multi-year commitment from the federal and provincial governments of $81.0 million was allocated to repair all flood damaged infrastructure, of this Environment and Parks received a multi-year budget of $10.9 million. The provincial and federal governments also funded the Kananaskis golf course reconstruction with an allocation of an additional $23.0 million, of this Environment and Parks received a $7.3 million multi-year budget. To effectively complete these flood recovery projects the ministry worked closely with the Ministry of Municipal Affairs on the Disaster Recovery Program funding and reporting; Federal Department of Fisheries and Oceans plus Navigable Waters related to *Water Act* Approvals; and with the Ministry of Transportation to schedule and implement regional road and bridge repairs.

*DID YOU KNOW?*

*Most of the triple-Academy Award winning film The Revenant was shot in Kananaskis Country from Spray Valley Provincial Park to Elbow Falls Provincial Recreation Area.*

Included in these repairs were completion of 42 flood repair projects, reparation of damaged campgrounds, day-use sites, trails and trail bridges. The total projects completed were 180 out of a total identified list of 275.

Where applicable for some of the flood reconstruction projects, measures were taken to minimize the potential for the reoccurrence of damage from future flood events. Some examples were:

- rerouting trails away from high risk water channels;
- elevating pathway bridge structures to minimize exposure to future flood waters;
- utilizing trial and pathway bridge structures that are more resilient to water damage; and
- establishing flood mitigation structures in key areas to protect Parks' infrastructure from future flood events.

The current year budget for Parks restoration and Kananaskis Golf Course reconstruction was $15.6 million. An estimated $3.4 million was spent on this priority initiative in 2015-16. Environment and Parks will be requesting a capital funding carry forward of $9.8 million.

**Alberta Environmental Support and Emergency Response Team (ASERT)** – 2015 was a year of continued growth for ASERT that has enabled the team to better coordinate challenging individual and collective training and staff the Provincial Operations Centre during times of elevated provincial response to emergencies.

Environment and Parks continues to be an active participant and strong supporter of the work to move Alberta's products safely and efficiently to markets. ASERT has had preliminary meetings with Public Safety Canada and Environmental Canada with a view to having detailed conversations about supporting each other during major train derailments in our National Parks. It is hoped that the final results of the Federal Government's review of the *Canada Transportation Act* will add some momentum for Alberta first responders where train derailments and emergencies are concerned.

Fresh off the completion of the Flood Plan for Alberta, ASERT led the writing effort for the Environment and Parks Water Shortage Response Plan. This collaborative project has helped refocus the department

so that the entire circumference of extreme flow events can be addressed as well as supporting the holistic management of water in good times as well as in times of crisis. A lot of good learning has occurred in the writing of this plan and much more dialogue and learning is yet to come through table top exercises and community outreach on the Water Shortage Response Plan.

The Alberta Emergency Management Agency conducted a Provincial Emergency Management Exercise in February, 2016 to test Alberta's public safety governance, validate some of the lessons learned from recent emergencies, and to engage emergency management officials at a variety of levels in their roles and responsibilities. Environment and Parks was a strong participant providing a number of scenario events for the exercise.

ASERT coordinated emergency response to high profile incidents including flooding, a number of train derailments, industrial fires and tanker truck rollovers in 2015. The largest operation proved to be one of the most curious as well. This operation was one of containment and eventual eradication of an invasive species of catfish (Black Bullhead) in the Fort McMurray area. The emergency portion of this operation was led by ASERT with numerous players involved from Fish and Wildlife Policy, Lower Athabasca Region, AEMERA and the community of Fort McMurray. This operation was very successful and yielded numerous lessons to inform on the Alberta Aquatic Invasive Species Early Detection Rapid Response Plan. These lessons have been invested in this plan and proven to make us stronger for the 2016 season. The plan, now revised as a result of 2015 experience, is set to be issued in the spring of 2016.

## Feature Story: Alberta Environmental Support and Emergency Team

The Alberta Environmental Support and Emergency Response Team (ASERT) was created in 2006, one year after the Canadian National train derailment into Lake Wabamun west of Edmonton. The spill was one of the largest in Alberta's history and was unique as it involved a train, not a pipeline. With a lack of adequate response following the incident, the Environmental Protection Commission was appointed to review the emergency management system in Alberta. Among the commission's recommendations, which extended across government, was the formation of the support and emergency response team.

Today, ASERT continues as an emergency management leader, coordinating the province's response to environmental emergencies (except wildfire), and it takes a lead role in planning and preparedness. The mission statement of ASERT is comprised of three main focus areas: never alone, never off duty and never done:

- *Never alone* – We are a key component of Alberta's Public Safety System. ASERT offers assistance to all its partners and agencies 24/7.
- *Never off duty* – We plan, prepare and coordinate the department's response to environmental emergencies.
- *Never done* – We prepare for an all-encompassing range of environmental or provincial emergencies through ongoing training for department staff (including regional responders and all areas of the department), post-incident assessments and debriefs after events, training with partner emergency response groups and community outreach.

When managing an incident – whether a train derailment, industrial fire or vehicle collision – ASERT duty officers work with the responsible party and first responders in a support role. The goal is for the responsible party to take mitigative measures and remedial actions with support from the department's subject matter experts, regional responders and ASERT staff who review operations plans and provide advice. When the responsible party is unable to take action, or the actions taken are not sufficient, ASERT will take on the incident command role and coordinate staff to complete required tasks.

Due to the all-hazards response ASERT manages, many resources are pulled into major events. Resources can be anything from manpower support from Wildfire Management Branch to tactical air contaminant monitoring from the AEMERA. ASERT also works on many of the department's consequence plans, ranging from regional or provincial flood plans to invasive mussel rapid-response plans.

# Results Analysis

### Performance Measures and Indicators Data Sources and Methodology

Performance measures are quantifiable and demonstrate progress towards achievement of ministry desired outcomes. They are more attributable to the influence of government programs and services relative to desired targets.

Performance indicators can be used to report far reaching, long-term desired outcomes beyond the impact of current government activities; desired outcomes are extraordinarily influenced by external factors (e.g., floods). The ministry may or may not have direct influence towards the achievement of a performance indicator. This recognition of the impact of external factors on progress towards desired outcomes is important as it allows the ministry to focus on the key aspects on which it will have the most impact.

Measures and indicators are utilized to facilitate government's accountability to its citizens and provide management with information and results (that are reliable, complete, comparable and understandable) in order to make decisions or determine a course of action toward an outcome.

The following section describes data sources and methodologies for ministry performance measures and performance indicators.

### Performance Measures for Desired Outcome One

*1.a Total Greenhouse Gas Emissions*

As a signatory to the United Nations Framework Convention on Climate Change Canada is obligated to prepare and submit an annual national greenhouse gas inventory covering anthropogenic emissions by sources and removals by sinks. Environment and Climate Change Canada is responsible for preparing Canada's official national inventory with input from numerous experts and scientists across Canada. The National Inventory Report contains Canada's annual greenhouse gas emission estimates dating back to 1990. Environment and Parks reports on Alberta's total emissions as reported in the National/Provincial/Territorial Tables. The United Nations Framework Convention on Climate Change has adopted updated global warming potentials to normalize emissions of all greenhouse gases to a reference gas (carbon dioxide), and implemented several methodological changes. The results for this performance measure are reported on a two year lag from Environment Canada. Results are measured in million tonnes of $CO_2$ equivalent, as provided by Environment and Climate Change Canada in the National Inventory Report 1990-2014: Greenhouse Gas Sources and Sinks in Canada.

Source: Environment and Climate Change Canada

*1.b Kilograms of municipal solid waste per capita disposed of in landfills*

This measure indicates Alberta's progress towards reducing the amount of municipal solid waste disposed in municipal landfills, as measured in kilograms of waste per capita per year. Waste from the residential sector; the industrial, commercial and institutional sector; and the construction, renovation and demolition sector collected at municipal landfills is included in this measure. The calculation is based on the kilograms of municipal solid waste sent to landfill and the population served by each reporting landfill.

The information is collected from landfills with weigh scales and is voluntarily provided. The measure is calculated using the most up to date population statistics, either Municipal Affairs' official provincial population list or Statistics Canada's Census data. Approximately 78 per cent of Alberta's population had access to service provided by reporting landfills in 2015. Estimates are used for the remaining population

and are derived by multiplying the per capita disposal rate with the unmeasured population. Historical results from 2014 have been revised to correct an insignificant misstatement due to a formula error.

Source: Environment and Parks

**Performance Indicators for Desired Outcome One**

*1.a Air quality index*

This measure indicates the number of good, fair, poor and very poor air quality days. Air quality is measured based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter less than 2.5 microns in size ($PM_{2.5}$). Alberta's Air Quality Index (AQI) is calculated based on a minimum of four and a maximum of five of these major air pollutants measured hourly at a total of 17 Alberta locations. The monitoring stations are situated in urban centres with consideration given to proximity to industrial and non-industrial sources. The measurements are converted to a standard scale known as the Air Quality Index, which is calculated for each pollutant every hour. In 2015, the AQI was calculated at 15 continuous monitoring stations: four in Edmonton; two each in Calgary, Fort McMurray, and Red Deer; and one each in Cold Lake, Fort Saskatchewan, Grande Prairie, Lethbridge, and Medicine Hat. A new monitoring station in Sherwood Park did not report data for sufficient portions of the year to be included in 2015 results.

The pollutant that gives the highest AQI measure for each hour determines the AQI for that hour. The hourly AQI number is compared to AQI ranges that represent good (0-25), fair (26-50), poor (51-100) and very poor (>100) air quality. The total number of hours of good, fair, poor and very poor air quality are divided by the total number of hours with an AQI value for all stations in the year which meet the completeness criteria. These fractions are then multiplied by the number of days in the year to determine the number of days in each air quality range, rounded to a whole number. The number of days of good air quality is also expressed as a percentage of the days in the year, to give the final performance measure. These categories are derived using formulas based on Alberta's Ambient Air Quality Objectives.

In agreement with the National Air Pollution Surveillance Program, Environment and Parks in conjunction with the Airsheds implemented a change in the $PM_{2.5}$ monitoring instrumentation (analyzers) whereby the sample is dried rather than heated to better account for the total $PM_{2.5}$ concentration. Using previous technology, when a sample was heated some $PM_{2.5}$ was volatilized (evaporated) and the concentration of $PM_{2.5}$ was under predicted. The 2011 through 2015 results reflect the data collected from the new monitoring technology.

Results from 2015 are based on data from fifteen stations (includes Calgary Northwest, Calgary Southeast, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca Valley, Fort McMurray – Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge, Red Deer – Riverside, Lancaster, and Woodcroft). The Calgary Central station moved in 2015, but was not in operation in either location for sufficient portions of the year to be included in 2015 results. Sherwood Park began permanent operation in 2015, but was not in operation for sufficient portions of the year to be included in 2015 results.

Results from 2014 are based on data from fourteen stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca Valley, Fort McMurray – Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge, Red Deer – Riverside, and Woodcroft). Calgary Southeast and Red Deer – Lancaster, which began permanent operation in 2014, were not in operation for sufficient portions of the year to be included in 2014 results.

Results from 2013 are based on data from twelve stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca

Valley, Fort McMurray – Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge and Red Deer). Crescent Heights was not included in 2013 due to insufficient data availability. Fort McMurray – Patricia McInnes was upgraded to the new monitoring technology and is now included.

Results from 2012 are based on data from ten stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Fort McMurray – Athabasca Valley, Fort Saskatchewan, Henry Pirker and Red Deer). Edmonton South and Lethbridge was not included in 2012 due to insufficient data availability. Fort McMurray – Athabasca Valley was upgraded to the new monitoring technology and is now included.

Results from 2011 are based on data from eleven stations (includes Edmonton Central, Edmonton East, Edmonton South, Calgary Central, Calgary Northwest, Lethbridge, Fort Saskatchewan, Cold Lake South, Red Deer, Crescent Heights and Henry Pirker) which operate with the new $PM_{2.5}$ monitoring technology. Calgary East station was decommissioned in 2011 for relocation.

Source: Alberta Environmental Monitoring, Evaluation and Reporting Agency, Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association, Lakeland Industry and Community Association, and Alberta Capital Airshed.

### *1.b Percentage of species at risk*

The general status rank for each wild vertebrate species (mammals, birds, amphibians, reptiles and fish) in Alberta is based on population size, population dispersion/distribution, trend in population, trend in distribution, threats to populations and threats to habitat. The ranks are 'At Risk', 'May be at Risk', 'Sensitive', 'Secure', 'Not Assessed', 'Exotic/Alien', 'Extirpated/Extinct' and 'Accidental/Vagrant'. Every five years, these rankings are reviewed by species experts from government, industry, academia and the general public. The performance indicator is then calculated using the general status ranks for all vertebrates in the province. The analysis is limited to vertebrates because the department is continually assessing the status of new and often poorly known, taxonomic groups. In order to make long-term comparisons meaningful, only vertebrate ranks are used. The indicator is calculated by taking the number of vertebrate species 'At Risk' (i.e. those identified as endangered or threatened) and dividing that by the total number of vertebrate species known in the province x 100.

Results are gathered by the provincial government, universities, colleges and expert biologists, and are reported federally once every five years as legislated by the Accord for the Protection of Species at Risk in Canada. Methodology for determining species at risk remains and taxonomy across jurisdictions remains consistent. Working documents are created for each vertebrate taxonomic group (one page plus a rank for each species). The working documents are updated with new data from status reports/updates of on-going research. Species are given a preliminary status ranking and the document is time stamped. An 'At Risk' designation will highlight the fact that a species has been legally defined as either endangered or threatened under *Alberta's Wildlife Act*. The most recent results were available in 2015 and reported on in the 2015-16 ministry annual report.

Source: Environment and Parks

**Performance Measures and Indicators for Desired Outcome Two**

Performance measures and indicators for desired outcome two are currently under development.

**Performance Measures for Desired Outcome Three**

### *3.a Change licences sales for hunting and fishing*

The Resource Licensing Management System tracks licensing transactions for hunters and anglers in Alberta. The system is queried to provide the total number of fishing licences and wildlife certificates

purchased during the hunting and fishing season. These numbers are generated annually to report on the percentage change of outdoor recreationalists in the province.

*Limitation*: Youth anglers under 16 and over 65 years of age and all Indigenous peoples are not represented within the licencing system.

Source: Environment and Parks

### *3.b Provincial park or recreation areas visitation*

The latest Statistics Canada population estimates were used to provide a representative sample frame, with the number of interviews in each region-age-gender segment being proportionate to the population estimates. To survey a random and representative sample of adult Albertans, quotas were established for the number of interviews within six geographic areas of the province and within each geographic area, for each age group (i.e., 18 – 34, 35 – 54, 55 years or older) and, within each age segment, for the number of interviews with males and females. The survey sampler drew a random sample from the most recent residential phone listings of Alberta. At least six call back attempts to reach or schedule an interview with a respondent were done before a telephone number was exhausted. Telephone numbers were called no more than twice in one day and never at the same time on different days. Respondents were allowed to schedule appointments to complete the survey at a convenient time. Interviews were conducted with the adult in the household who was having the next birthday.

Source: Leger Marketing (2015); Advanis (2016) Survey of Albertans for Environment and Parks

**Performance Indicator for Desired Outcome Three**

### *3.a Visitor satisfaction with the quality of services and facilities at provincial parks.*

The data for this performance indicator is captured using the same survey tool from provincial park or recreational areas visitation performance measure. Refer to performance measure 3.b for details on methodology.

**Performance Indicator for Desired Outcome Four**

### *4.a Drinking water quality indicator*

The drinking water quality indicator measures the percentage of Environment and Parks regulated facilities that provide quality drinking water to Albertans without significant incident. Under the *Environmental Protection and Enhancement Act*, Environment and Parks regulates waterworks facilities that provide drinking water to Albertans, including campgrounds and rural subdivisions that use surface water sources, as well as all waterworks in villages, towns, and cities. Regulated drinking water facilities must report on the quality of the treated water against specified limits. Environment and Parks staff inspect waterworks facilities on a regular schedule for compliance with water-quality requirements and reporting. Alberta adopts health-based guidelines (microbiological, chemical, and physical parameters) from the Guidelines for Canadian Drinking Water Quality, as published by Health Canada. In general, the highest-priority guidelines are those dealing with microbiological contaminants, such as bacteria, protozoa and viruses. Alberta's drinking water standards encompass considerations for treatment performance requirements for parameters with immediate health-related effects as well as for long-term chemical guidance. Treatment performance requirements (such as filtration and disinfection) are meant to address more immediate concerns such as to control microbiological quality. Most health-based limits (i.e. chemical and physical parameters) are meant to address concerns if the water is consumed over a long period of time (many years). When an intervention is required, either with an immediate or long term

concern, actions may range from a public health advisory to prevent consumption of the water, to a requirement to upgrade a waterworks facility.

Source: Environment and Parks

## Changes to Performance Measures and Indicators Information

The 2015-18 business plan cycle continued to demonstrate coordination and integration of tasks, functions and processes for the Ministry of Environment and Parks. The performance measures that best reflected the ministry desired outcomes were selected to be reported on. The ministry reviews performance measures and indicators continually, enhancing results reporting in support of desired outcome statements. New performance measures and indicators will be identified in ministry business plans. In an ongoing effort to improve these linkages the following changes were made:

The following performance measure will no longer be reported in the 2015-16 Environment and Parks Annual Report:

- Sustainable economic prosperity from public lands

The following performance indicator will no longer be reported in the 2015-16 Environment and Parks Annual Report:

- River water quality index

The following performance measures will be reported in the Agriculture and Forestry 2015-16 Annual Report:

- Sustainable timber harvest (annual allowable cut and harvest)
- Sustainable forests - percentage of forest regrowth attained as a result of reforestation
- Containment of wildfires

# Financial Information

# Annual Report
# 2015 - 2016

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# Ministry of Environment and Parks

## Consolidated Financial Statements

Year Ended March 31, 2016

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Members of the Legislative Assembly

**Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of the Ministry of Environment and Parks, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Environment and Parks as at March 31, 2016, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 16, 2016

Edmonton, Alberta

**MINISTRY OF ENVIRONMENT AND PARKS**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated) |
| | *(in thousands)* | | |
| **Revenues (Schedule 1)** | | | |
| Government Transfers | | | |
| Government of Canada Grants | $ 8,453 | $ 8,086 | $ 13,275 |
| Internal Government Transfers | 4,554 | 1,462 | 1,930 |
| Investment Income | 40 | 2,494 | 2,386 |
| Premiums, Fees and Licences | 104,432 | 108,310 | 96,093 |
| Climate Change and Emissions Management Fund | 91,000 | 199,775 | 77,233 |
| Other Revenue | 72,984 | 66,281 | 165,193 |
| | 281,463 | 386,408 | 356,110 |
| **Expenses – Directly Incurred (Note 2(b) and Schedules 2 and 4)** | | | |
| Programs | | | |
| Ministry Support Services | 73,166 | 65,446 | 72,717 |
| Air | 17,339 | 27,122 | 26,898 |
| Land | 50,922 | 37,161 | 57,052 |
| Water | 63,840 | 71,199 | 69,533 |
| Fish and Wildlife | 24,811 | 24,846 | 23,092 |
| Integrated Planning | 39,243 | 29,678 | 32,081 |
| Parks | 87,464 | 89,616 | 78,261 |
| Climate Change | 70,655 | 21,269 | 14,464 |
| Land Use Secretariat | 10,463 | 5,689 | 7,493 |
| Science and Monitoring | - | 157 | 15,251 |
| Alberta Environmental Monitoring, Evaluation and Reporting Agency | 78,000 | 67,498 | 49,820 |
| Quasi-Judicial Bodies | 11,909 | 12,352 | 11,121 |
| 2013 Alberta Flooding (Note 15) | | | |
| Non Disaster Recovery Program Expenses | 103,286 | 116,030 | 82,272 |
| | 631,098 | 568,063 | 540,055 |
| **Annual Deficit** | $ (349,635) | $ (181,655) | $ (183,945) |

The accompanying notes and schedules are part of these consolidated financial statements.

**MINISTRY OF ENVIRONMENT AND PARKS**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| **Financial Assets** | | |
| Cash and Cash Equivalents (Note 5) | $ 425,297 | $ 255,511 |
| Accounts Receivable (Note 6) | 122,291 | 35,822 |
| | 547,588 | 291,333 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities (Note 9) | 119,677 | 72,281 |
| Deferred Revenue | 53,130 | 70,509 |
| Liability for Contaminated Sites (Note 11) | 1,379 | 1,165 |
| | 174,186 | 143,955 |
| **Net Financial Assets** | 373,402 | 147,378 |
| **Non-Financial Assets** | | |
| Tangible Capital Assets (Note 8) | 1,383,754 | 1,375,172 |
| Prepaid Expenses (Note 7) | 7,481 | 8,370 |
| | 1,391,235 | 1,383,542 |
| **Net Assets Before Deferred Capital Contributions** | 1,764,637 | 1,530,920 |
| Spent Deferred Capital Contributions (Note 10) | 15,367 | 17,064 |
| **Net Assets** | $ 1,749,270 | $ 1,513,856 |
| **Net Assets at Beginning of Year** | $ 1,513,856 | $ 1,207,960 |
| Adjustment to Net Assets (Note 17) | 24,584 | 10,665 |
| Annual Deficit | (181,655) | (183,945) |
| Net Financing Provided from General Revenues | 392,485 | 479,176 |
| **Net Assets at End of Year** | $ 1,749,270 | $ 1,513,856 |

Contingent Liabilities (Note 12)
Contractual Obligations (Note 13)

The accompanying notes and schedules are part of these consolidated financial statements.

**MINISTRY OF ENVIRONMENT AND PARKS**

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated) |
| | | *(in thousands)* | |
| **Annual Deficit** | $ (349,635) | $ (181,655) | $(183,945) |
| Acquisition of Tangible Capital Assets | (117,884) | (26,062) | (24,679) |
| Amortization of Tangible Capital Assets (Note 8) | 44,001 | 41,450 | 42,621 |
| Loss (Gain) on Sale of Tangible Capital Assets | | 636 | (1,064) |
| Proceeds on Disposal/Sale of Tangible Capital Assets | | 3 | - |
| Write-downs of Tangible Capital Assets | | 234 | 3,373 |
| Change in Prepaid Expenses | | 889 | 1,413 |
| Change in Spent Deferred Capital Contribution (Note 10) | | (1,697) | (1,698) |
| Other Adjustments (Note 17) | | (259) | - |
| Net Financing Provided from General Revenues | | 392,485 | 479,176 |
| **Increase in Net Financial Assets** | | $ 226,024 | $ 315,197 |
| **Net Financial Assets (Net Debt) at Beginning of Year** | | 147,378 | (167,819) |
| **Net Financial Assets at End of Year** | | $ 373,402 | $ 147,378 |

The accompanying notes and schedules are part of these consolidated financial statements.

**MINISTRY OF ENVIRONMENT AND PARKS**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year ended March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| **Operating Transactions** | | |
| Annual Deficit | $ (181,655) | $(183,945) |
| Non-cash Items Included in Annual Deficit | | |
| Amortization of Tangible Capital Assets (Note 8) | 41,450 | 42,621 |
| Deferred Capital Contribution recognized as Revenue (Note 10) | (1,697) | (1,698) |
| Loss on Disposal of Tangible Capital Assets | 870 | 2,309 |
| Donation of Capital Asset | (275) | (623) |
| | (141,307) | (141,336) |
| (Increase) Decrease in Accounts Receivable | (86,468) | 34,596 |
| Decrease in Prepaid Expenses | 889 | 1,413 |
| Increase (Decrease) in Accounts Payable & Accrued Liabilities | 47,397 | (277,750) |
| (Decrease) in Deferred Revenue | (17,377) | (10,463) |
| Increase in Liability for Contaminated Sites | 214 | - |
| Cash Applied to Operating Transactions | (196,652) | (393,540) |
| **Capital Transactions** | | |
| Acquisition of Tangible Capital Assets | (26,062) | (24,679) |
| Proceeds on Disposal/Sale of Tangible Capital Assets | 15 | - |
| Cash Applied to Capital Transactions | (26,047) | (24,679) |
| **Financing Transactions** | | |
| Net Financing Provided from General Revenues | 392,485 | 479,176 |
| Cash Provided by Financing Transactions | 392,485 | 479,176 |
| **Increase in Cash and Cash Equivalents** | 169,786 | 60,957 |
| **Cash and Cash Equivalents at Beginning of Year** | 255,511 | 194,554 |
| **Cash and Cash Equivalents at End of Year** | $ 425,297 | $ 255,511 |

The accompanying notes and schedules are part of these consolidated financial statements.

**MINISTRY OF ENVIRONMENT AND PARKS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2016**

## NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Environment and Parks (the ministry) operates under the authority of the *Government Organization Act*, Chapter G-10, revised Statues of Alberta 2000 and its regulations. The Ministry also operates under the authority of the following acts:

| Organization | Authority |
|---|---|
| Department of Environment and Parks | *Boundary Surveys Act*<br>*Wildlife Act*<br>*Fisheries (Alberta) Act*<br>*Forest Reserves Act*<br>*Mines and Minerals Act*<br>*Public Lands Act*<br>*Surveys Act*<br>*Black Creek Heritage Rangeland Trails Act*<br>*Provincial Parks Act*, except sections 14 and 15<br>*Recreation Development Act*<br>*Water Act*<br>*Alberta Land Stewardship Act*<br>*Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act*<br>*Willmore Wilderness Park Act*<br>*Environmental Protection and Enhancement Act*<br>*Drainage Districts Act*<br>*East Central Regional Water Authorization Act*<br>*Hunting, Fishing and Trapping Heritage Act*<br>*North Red Deer Water Authorization Act* |
| Climate Change and Emissions Management Fund | *Climate Change and Emissions Management Act* |
| Land Stewardship Fund | *Public Lands Act* |
| Natural Resources Conservation Board | *Natural Resources Conservation Board Act* |
| Alberta Environmental Monitoring, Evaluation and Reporting Agency | *Protecting Alberta's Environment Act* |
| Surface Rights Board | *Surface Rights Act* |
| Land Compensation Board | *Expropriation Act* |

The ministry consists of the Department of Environment and Parks, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, the Natural Resources Conservation Board, and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. Funding is also provided for the Surface Rights Board, the Land Compensation Board, the Environmental Appeals Board, and the Public Lands Appeal Board, which are accountable to the minister.

## NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected areas, the Ministry of Environment and Parks leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

### (a) Reporting Entity and Method of Consolidation

The reporting entity is the ministry for which the Minister of Environment and Parks is accountable.

The accounts of the Department of Environment and Parks (includes the Environmental Appeal Board, the Surface Rights Board, the Public Lands Appeals Board and the Land Compensation Board), Natural Resources Conservation Board, Climate Change and Emissions Management Fund, Land Stewardship Fund, and Alberta Environmental Monitoring, Evaluation and Reporting Agency are consolidated on a line by line basis. . Revenue and expense transactions, investing and financing transactions and related asset and liability balances between these consolidated entities are eliminated upon consolidation. Accounting policies have been adjusted to conform with those of the ministry.

### (b) Basis of Financial Reporting

**Revenues**

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government Transfers

Transfers from the Government of Alberta, federal and other government entities are referred to as government transfers.

Government transfers are recorded as deferred capital contributions and deferred revenue if the eligibility criteria for use of the transfers, or the stipulations together with the ministry's actions and communications as to the use of transfers, create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the ministry complies with its communicated use of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

Donations and Non-government contributions
Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government contributions are recorded as revenue in the year received or in the year the funds are committed to the ministry if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, non-government contributions and realized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with the ministry's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the ministry complies with its communicated use.

Grants and Donations for Land
The ministry records transfers and donations for the purchase of land as a liability when received, and as revenue when the ministry purchases the land. The ministry records in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the ministry cannot determine the fair value, it records such in-kind contributions at a nominal value.

**Expenses**
Directly Incurred
Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs which comprise the cost of the employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

Incurred by Others
Services contributed by other related entities in support of the ministry operations are not recognized and are disclosed in Schedule 3 and allocated to programs in Schedule 4.

**Valuation of Financial Assets and Liabilities**
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

**Financial Assets**
Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Accounts Receivable
Accounts receivable are recorded at the lower of cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

**Liabilities**
Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

i. an environmental standard exists;
ii. contamination exceeds the environmental standard;
iii. the ministry is directly responsible or accepts responsibility;
iv. it is expected that future economic benefits will be given up; and
v. a reasonable estimate of the amount can be made.

**Non-Financial Assets**

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets of the ministry are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets of the ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible asset is put into service.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Assets acquired by right are not included.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

**Measurement Uncertainty**
*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The areas subject to measurement uncertainty include:

- Royalties and disturbance fees on dispositions, recorded as $947 (2015 - $820), are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The ministry does not estimate the amount of unreported royalties or disposition fees.
- Liability for Contaminated Sites recorded as $1,379 (2015 - $1,165) is estimated based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.
- Climate Change and Emissions Management Fund includes accounts receivable recorded as $68,000 for the period January 1 to March 31, 2016 (2015 - $22,848) are estimated by using 2014 and 2015 emissions and production data, 2016 production where available and including compliance preferences of each facility. Actual results could vary by a material amount because methodologies including estimation techniques and emission factors are used in emissions measurement.
- Dam and water management structures are recorded at $805,711 (2015 - $813,488). Several factors, including the extent and manner of usage, physical damage, removal from service or change in law or environment, can affect the usage and service life. Therefore impairment, if any, useful life and amortization are subject to measurement uncertainty. Further analysis is needed to evaluate and determine if impairment exists and/or if adjustments to remaining useful life and amortization expense are required.
- Provision for doubtful accounts, expensed as $193 (2015 - $884) is based on the assumption that:
  - 5% of the accounts receivable between 32 and 90 days
  - 50% of the accounts receivable between 91 and 365 days, and
  - 100% of the accounts receivable over 365 days

  at March 31, 2016 will not be collected.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (c) Change in Accounting Policy

A net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Financial Assets is measured as the difference between the ministry's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding an additional Statement of Change in Net Financial Assets.

### (d) Future Accounting Changes

In 2015 the Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transaction; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the consolidated financial statements.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the consolidated financial statements.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the consolidated financial statements.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (d) Future Accounting Changes (Cont'd)

**PS 3450 Financial Instruments**
In June 2011 the Public sector Accounting Board issued this accounting standard effective April 1, 2019. The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601 Foreign Currency Translation; PS 1201 Financial Statement Presentation; and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the consolidated financial statements.

## NOTE 3 GOVERNMENT REORGANIZATION
*(in thousands)*

The Ministry of Environment and Parks transferred responsibilities for the Forestry Program (excluding Emergency Response) and certain sections of the *Environmental Protection and Enhancement Act*, to the Ministry of Agriculture and Forestry as a result of restructuring of government ministries announced on May 24, 2015. Comparatives for 2015 have been restated as if the ministry had always been assigned with its current responsibilities.

## NOTE 4 RESTATEMENT FOR PROGRAM TRANSFERS AND CORRECTIONS

*(in thousands)*

| | | |
|---|---|---|
| Net Assets as previously reported at March 31, 2014 | $ | 1,510,136 |
| Transfer to Ministry of Indigenous Relations for the Aboriginal Consultation Office | | 120 |
| Transfer to Ministry of Agriculture and Forestry for Environmental Protection and Enhancement Fund | | (149,782) |
| Transfer to Ministry of Agriculture and Forestry for the Forestry Program | | (152,738) |
| Correction of understatement of tangible capital assets | | 224 |
| Restated Net Assets at March 31, 2014 | $ | 1,207,960 |
| | | |
| Net debt as previously reported at March 31, 2014 | $ | (23,432) |
| Transfer to the Ministry of Agriculture and Forestry for the Forestry Program | | 5,831 |
| Transfer to Ministry of Agriculture and Forestry for Environmental Protection and Enhancement Fund | | (150,218) |
| Net debt at March 31, 2014 | $ | (167,819) |
| | | |
| Accounts Payable and Accrued Liabilities reported at March 31, 2015 | $ | 116,535 |
| Transfer to Ministry of Indigenous Relations for the Aboriginal Consultation Office | | (134) |
| Transfer to Ministry of Agriculture and Forestry for Environmental Protection and Enhancement Fund | | (8,328) |
| Transfer to Ministry of Agriculture and Forestry for the Forestry Program | | (35,792) |
| Restated Accounts Payable and Accrued Liabilities at March 31, 2015 | $ | 72,281 |
| | | |
| Annual Deficit as previously reported at March 31, 2015 | $ | (458,749) |
| Transfer to Ministry of Indigenous Relations for the Aboriginal Consultation Office | | 1,403 |
| Transfer to Ministry of Justice and Solicitor General for manpower | | 265 |
| Transfer from Ministry of Culture and Tourism for Parks Tourism Levy | | (9,164) |
| Transfer to Ministry of Agriculture and Forestry for the Forestry Program | | 243,804 |
| Transfer from the Environmental Protection and Enhancement Fund for Premium, Fees and Licences Revenue | | 39,016 |
| Transfer to Ministry of Agriculture and Forestry for Environmental Protection and Enhancement Fund | | (218) |
| Transfer from Ministry of Executive Council for manpower | | (302) |
| Restated Annual Deficit at March 31, 2015 | $ | (183,945) |

## NOTE 5 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2016, securities held by the Fund have a time-weighted return of 0.8% per annum (2015: 1.2% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

## NOTE 6 ACCOUNTS RECEIVABLE

*(in thousands)*

| | 2016 | | | 2015 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value (Restated) |
| Accounts receivable | $ 56,918 | $ (2,732) | $ 54,186 | $ 9,955 |
| Climate Change and Emissions Management Fund | 68,105 | - | 68,105 | 25,867 |
| | $ 125,023 | $ (2,732) | $ 122,291 | $ 35,822 |

## NOTE 7 PREPAID EXPENSES

*(in thousands)*

The amount of $7,481 (2015 - $8,370) is comprised of $7,426 which includes a prepayment for future access rights under the Bassano Dam settlement agreement with the Siksika Nation and $55 which includes prepayment of employee benefits and purchase deposits.

## NOTE 8 TANGIBLE CAPITAL ASSETS

*(in thousands)*

| | Land[1] | Buildings | Equip-ment[2] | Computer Hardware and Software | Land Improve-ments | High-ways and Roads | Dam & Water Management Structures[3] | 2016 Total | 2015 Total (Restated) |
|---|---|---|---|---|---|---|---|---|---|
| **Estimated Useful Life** | Indefinite | 10-50 years | 3-40 years | 3-10 years | 10-40 years | 20-50 years | 20-80 years | | |
| **Historical Costs[4]** | | | | | | | | | |
| Beginning of year | $266,384 | $ 200,026 | $ 98,385 | $ 71,956 | $ 361,891 | $ 4,302 | $ 1,233,806 | $2,236,750 | $ 2,210,427 |
| Additions | 283 | 3,868 | 5,241 | 2,270 | 10,279 | 591 | 3,530 | 26,062 | 25,302 |
| Disposals, including write-downs | - | (100) | (287) | (423) | (594) | - | (945) | (2,349) | (3,600) |
| Transfer In (Out) | 15,897 | 1,094 | 12 | 17 | - | - | 7,822 | 24,842 | 4,621 |
| Asset Reclassification In (Out) | - | 445 | (1,202) | 328 | 429 | - | - | - | - |
| | $ 282,564 | $ 205,333 | $ 102,149 | $ 74,148 | $ 372,005 | $ 4,893 | $ 1,244,213 | $2,285,305 | $ 2,236,750 |
| **Accumulated Amortization** | | | | | | | | | |
| Beginning of year | $ - | $ 106,613 | $ 67,532 | $ 50,756 | $ 215,062 | $ 1,297 | $ 420,318 | $ 861,578 | $ 820,249 |
| Amortization expense | - | 5,587 | 4,330 | 4,894 | 8,395 | 60 | 18,184 | 41,450 | 42,620 |
| Effects of disposals and adjustments | - | 363 | (881) | 585 | (1,544) | - | - | (1,477) | (1,291) |
| | $ - | $ 112,563 | $ 70,981 | $ 56,235 | $ 221,913 | $ 1,357 | $ 438,502 | $ 901,551 | $ 861,578 |
| **Net Book Value at March 31, 2016** | $ 282,564 | $ 92,770 | $ 31,168 | $ 17,913 | $ 150,092 | $ 3,536 | $ 805,711 | $1,383,754 | |
| **Net Book Value at March 31, 2015** | $ 266,384 | $ 93,413 | $ 30,853 | $ 21,200 | $ 146,829 | $ 3,005 | $ 813,488 | | $ 1,375,172 |

(1) Land includes land acquired for building sites, infrastructure and other program use.
(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.
(3) Dam and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Transportation and transferred to the Ministry of Environment and Parks upon their completion.
(4) Historical costs includes work-in-progress at March 31, 2016 totalling $89,665 (2015 Restated - $65,414) comprised of: buildings $9,847 (2015 Restated - $8,106); equipment $17,060 (2015 Restated - $8,242); computer hardware and software $8,487 (2015 Restated - $7,345); land improvements $36,408 (2015 Restated - $27,236); dam improvements $13,490 (2015 Restated - $10,011), highway and roads $1,115 (2015 Restated - $891); and land $3,258 (2015 Restated - $3,583).

All intangibles inherited by right of the Crown such as Crown lands, water, and mineral resources are not recognized in these consolidated financial statements.

## NOTE 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

*(in thousands)*

| | 2016 | 2015 (Restated) |
|---|---|---|
| Accrued liabilities | $ 82,814 | $ 38,019 |
| Accounts payable general | 11,334 | 9,948 |
| Vacation pay | 25,529 | 24,314 |
| | $ 119,677 | $ 72,281 |

## NOTE 10 DEFERRED CAPITAL CONTRIBUTIONS

*(in thousands)*

Spent deferred capital contributions

| | 2016 | | | 2015 |
|---|---|---|---|---|
| | Federal government | Non-government | Total | Total (Restated) |
| Balance, beginning of year | $ 8,336 | $ 8,728 | $ 17,064 | $ 18,762 |
| Less amounts recognized as revenue | (606) | (1,091) | (1,697) | (1,698) |
| Balance, end of year | $ 7,730 | $ 7,637 | $ 15,367 | $ 17,064 |

## NOTE 11 LIABILITY FOR CONTAMINATED SITES

*(in thousands)*

The composition of liabilities is as follows:

| | 2016 | 2015 (Restated) |
|---|---|---|
| Liabilities at Beginning of Year | $ 1,165 | $ 1,165 |
| Transfer from Environmental Protection and Enhancement Fund | 214 | - |
| Liabilities, end of year | $ 1,379 | $ 1,165 |

The ministry has accepted responsibility to perform remediation work and is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar sites to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered. Monitoring costs are estimated based on prior experience and costs for similar sites.

The ministry has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling. Site liabilities are estimated using past experience for similar sites and information provided by environmental consultants.

There was no spending on the contaminated sites in the 2015-16 fiscal year.

## NOTE 12 CONTINGENT LIABILITIES

*(in thousands)*

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2016 accruals totalling $411 (2015: $411) have been recorded as a liability. The total amount claimed for all likely claims is $529 (2015: $679). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The ministry has been named in 36 (2015: 26) claims of which the outcome is not determinable. Of these claims, 28 (2015: 19) have specified amounts totalling $9,764,433 (2015: $245,175). The remaining eight (2015: seven) claims have no amounts specified. Included in the total claims, ten claims totaling $208,877 (2015: eight claims totalling $207,003) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

## NOTE 13 CONTRACTUAL OBLIGATIONS

*(in thousands)*

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | Total | |
|---|---|---|
| | 2016 | 2015 (Restated) |
| Service Contracts (including long term lease) | $ 138,245 | $ 44,893 |
| Grants | | |
| Canada ecoTrust for Clean Air and Climate Change | - | 7,100 |
| Various other programs | 70,909 | 78,951 |
| | $ 209,154 | $ 130,944 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | Service Contracts (including long term lease) | Grants | Total |
|---|---|---|---|
| 2016-17 | $ 59,133 | $ 70,784 | $ 129,917 |
| 2017-18 | 31,978 | 63 | 32,041 |
| 2018-19 | 19,497 | 62 | 19,559 |
| 2019-20 | 17,914 | - | 17,914 |
| 2020-21 | 1,580 | - | 1,580 |
| Thereafter | 8,143 | - | 8,143 |
| | $ 138,245 | $ 70,909 | $ 209,154 |

## NOTE 14 TRUST FUNDS UNDER ADMINISTRATION

*(in thousands)*

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's consolidated financial statements.

At March 31, 2016 trust funds under administration were as follows:

| | 2016 | 2015 (Restated) |
|---|---|---|
| Miscellaneous General Trust (Lands) | $ 31,351 | $ 30,111 |
| Performance Deposit Trust | 30 | 21 |
| Environmental Protection Security Fund | 15,422 | 18,233 |
| Parks General Trust | 901 | 916 |
| | $ 47,704 | $ 49,281 |

## NOTE 14 TRUST FUNDS UNDER ADMINISTRATION (Cont'd)

*(in thousands)*

In addition to the above trust funds under administration, the ministry holds bank guarantees in the form of letters of credit and promissory notes as follows:

| | 2016 | 2015 (Restated) |
|---|---|---|
| Miscellaneous General Trust (Lands) | $ 30,606 | $ 30,775 |
| Performance Deposit Trust | 2,537 | 2,337 |
| Environmental Protection Security Fund | 213,312 | 191,834 |
| Parks General Trust | 27,200 | 6,776 |
| | $ 273,655 | $ 231,722 |

## NOTE 15 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the Disaster Recovery Regulation.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

## NOTE 16 BENEFIT PLANS

*(in thousands)*

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $24,585 for the year ended March 31, 2016 (2015 Restated: $23,367). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2015, the Management Employees Pension Plan reported a surplus of $299,051 (2014 – surplus $75,805), the Public Service Pension Plan reported a deficiency of $133,188 (2014 deficiency - $803,299) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $16,305 (2014 – deficiency $17,203).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2016, the Bargaining Unit Plan reported a surplus of $83,006 (2015 – surplus $86,888) and the Management, Opted Out and Excluded Plan a surplus of $29,246 (2015 – surplus $32,343). The expense for these two plans is limited to employer's annual contributions for the year.

## NOTE 17 ADJUSTMENTS TO NET ASSETS

*(in thousands)*

The reconciliation of adjustments to net assets is as follows:

| | 2016 | 2015 |
|---|---|---|
| Non-Grant Transfer of Tangible Capital Asset from/ (to) other Government Departments/Entities | $ 24,843 | $ 10,665 |
| Other Adjustments to Net Assets | (259) | - |
| | $ 24,584 | $ 10,665 |

## NOTE 18 SUBSEQUENT EVENTS

In May 2016, wildfires seriously affected Fort McMurray and surrounding communities. The government is in the process of providing financial assistance for uninsurable loss and damage through its Disaster Recovery Programs (DRP). The DRP is administered and funded by Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province, subject to certain criteria, may recover part of the above costs from the federal government through the Disaster Financial Assistance Arrangement, pending approval through its Order in Council.

The financial impact on the ministry may be significant but is uncertain at this stage.

On May 27, 2016, Bill 18 received Royal Assent, repealing the *Protecting Alberta's Environment Act* and has an effective date of June 30, 2016, dissolving the Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA). Bill 18 also amends *Environmental Protection and Enhancement Act* to create the role of Chief Scientist and to continue the Science Advisory Panel and Indigenous Wisdom Advisor Panel established by AEMERA. The core AEMERA functions of science and monitoring will be transitioned into the new Environmental Monitoring and Science Division at the ministry. The members of the Board of Directors were terminated by Order in Council on April 7, 2016. AEMERA's CEO continues in office until June 30, 2016 and the Minister of Environment and Parks assumes the governance role of the Board of Directors in the interim.

## NOTE 19 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

## NOTE 20 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

**MINISTRY OF ENVIRONMENT AND PARKS** **Schedule 1**

**CONSOLIDATED REVENUES**

**Year ended March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| Internal Government Transfer | | |
| Transfer from the Environmental Protection and Enhancement Fund | $ 1,462 | $ 1,930 |
| Government of Canada Grants | | |
| Canada ecoTrust for Clean Air and Climate Change | 7,600 | 12,175 |
| Air Quality Health Index | 146 | 65 |
| Other | 340 | 1,035 |
| | 8,086 | 13,275 |
| Investment Income | 2,494 | 2,386 |
| Premiums, Fees and Licences | | |
| Land and Grazing | 76,375 | 73,099 |
| Camp Ground Fees | 22,589 | 12,258 |
| Other | 9,346 | 10,736 |
| | 108,310 | 96,093 |
| Climate Change and Emissions Management Fund | 199,775 | 77,233 |
| Other Revenue | | |
| Land Sales | 6,833 | 4,005 |
| Refund of Expenditures | 2,393 | 98,762 |
| Water Resources | 1,936 | 2,677 |
| Joint Oil Sands Monitoring | 49,937 | 49,998 |
| Other | 5,182 | 9,751 |
| | 66,281 | 165,193 |
| Total Revenues | $ 386,408 | $ 356,110 |

**MINISTRY OF ENVIRONMENT AND PARKS** **Schedule 2**

**CONSOLIDATED EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT**

**Year ended March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| Salaries, Wages and Employee Benefits | $ 228,946 | $ 212,740 |
| Supplies and Services | 162,723 | 188,544 |
| Supplies and Services from Support Service Arrangements with Related Parties [1] | 566 | 755 |
| Grants | 144,212 | 86,672 |
| Financial Transactions and Other | (9,834) | 8,723 |
| Amortization of Tangible Capital Assets (Note 8) | 41,450 | 42,621 |
| | $ 568,063 | $ 540,055 |

(1) The ministry receives financial and administrative services from the Ministry of Energy.

**MINISTRY OF ENVIRONMENT AND PARKS** **Schedule 3**

**RELATED PARTY TRANSACTIONS**

**Year ended March 31, 2016**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's consolidated financial statements. Related parties also include key management personnel in the ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Other Entities | |
|---|---|---|
| | 2016 | 2015 (Restated) |
| | *(in thousands)* | |
| Revenues | | |
| Fees and Charges | $ 6 | $ 4 |
| Other Revenue | 1,462 | 1,930 |
| | $ 1,468 | $ 1,934 |
| Expenses – Directly Incurred | | |
| Grants | $ 930 | $ 364 |
| Other Services | 13,255 | 10,512 |
| | $ 14,185 | $ 10,876 |
| Receivable from | $ 40,200 | $ 102 |
| Payable To | $ 2,252 | $ 681 |

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements but are disclosed in Schedule 4.

| | Other Entities | |
|---|---|---|
| | 2016 | 2015 (Restated) |
| Expenses – Incurred by Others | | |
| Accommodation | $ 42,634 | $ 39,829 |
| Administration Costs | 10,959 | 6,653 |
| Air Transportation | - | 218 |
| Legal Services | 4,897 | 4,968 |
| Water Management Infrastructure Maintenance | 2,399 | 4,893 |
| Parks Maintenance | 1,080 | 901 |
| | $ 61,969 | $ 57,462 |

**MINISTRY OF ENVIRONMENT AND PARKS** **Schedule 4**

**CONSOLIDATED ALLOCATED COSTS**

**Year ended March 31, 2016**

***(in thousands)***

| | 2016 | | | | | | 2015 |
|---|---|---|---|---|---|---|---|
| | | Expenses – Incurred by Others | | | | | |
| Program | Expenses [1] | Accommodation Costs [2] | Legal Services [3] | Business Services [4] | Water Management Infrastructure and Parks Maintenance | Total Expenses | Total Expenses (Restated) |
| Ministry Support Services | $ 65,446 | $ 7,003 | $ 888 | $ 1,729 | $ - | $ 75,066 | 82,247 |
| Air | 27,122 | 3,055 | 200 | 776 | - | 31,153 | 30,823 |
| Land | 37,161 | 6,401 | 967 | 1,413 | - | 45,942 | 65,993 |
| Water | 71,199 | 7,137 | 774 | 2,038 | 2,399 | 83,547 | 82,908 |
| Fish and Wildlife | 24,846 | 1,807 | 285 | 711 | - | 27,649 | 25,541 |
| Integrated Planning | 29,678 | 5,643 | 663 | 809 | - | 36,793 | 37,913 |
| Parks | 89,616 | 8,497 | 951 | 2,565 | 1,080 | 102,709 | 86,549 |
| Climate Change | 21,269 | 691 | 40 | 398 | - | 22,398 | 15,132 |
| Land Use Secretariat | 5,689 | 335 | 129 | 163 | - | 6,316 | 8,049 |
| Science and Monitoring | 157 | - | - | 1 | - | 158 | 17,807 |
| Alberta Environmental Monitoring, Evaluation and Reporting Agency | 67,498 | - | - | - | - | 67,498 | 49,820 |
| Quasi-Judicial Bodies | 12,352 | 1,195 | - | 356 | - | 13,903 | 12,463 |
| 2013 Alberta Flooding | 116,030 | 870 | - | - | - | 116,900 | 82,272 |
| | $ 568,063 | $ 42,634 | $ 4,897 | $ 10,959 | $ 3,479 | $ 630,032 | $ 597,517 |

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation on Schedule 3, allocated by full time equivalent.

(3) Costs shown for Legal Services on Schedule 3, allocated by estimated costs incurred by each program.

(4) Costs shown for Business Services on Schedule 3 were allocated by percentage of total costs incurred, including Administration for $10,778 (2015 Restated - $6,507), Corporate Internal Audit Services (CIAS) for $58 (2015 Restated - $11), Corporate Human Resources Learning for $123 (2015 Restated - $135) and Air Transportation $0 (2015 Restated - $218).

# Department of Environment and Parks

## Financial Statements

Year Ended March 31, 2016

AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Minister of Environment and Parks

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Department of Environment and Parks, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Environment and Parks as at March 31, 2016, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 16, 2016

Edmonton, Alberta

DEPARTMENT OF ENVIRONMENT AND PARKS

STATEMENT OF OPERATIONS

Year ended March 31, 2016

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated) |
| | | *(in thousands)* | |
| **Revenues (Schedule 1)** | | | |
| Transfers from Government of Canada | $ 8,453 | $ 8,086 | $ 13,275 |
| Land and Grazing | 71,590 | 76,375 | 73,099 |
| Premiums, Fees and Licences | 32,842 | 31,910 | 22,993 |
| Investment Income | 1 | 88 | 52 |
| Land Sales | 5,000 | 6,833 | 4,005 |
| Other Revenue | 67,983 | 69,907 | 70,459 |
| Transfer from Environmental Protection and Enhancement Fund | 4,554 | 1,462 | 1,930 |
| Transfer from Land Stewardship Fund | 5,000 | 78 | 2,736 |
| | 195,423 | 194,739 | 188,549 |
| **Expenses – Directly Incurred (Note 2(b), Schedules 3, 4, 7, and 8)** | | | |
| **Programs** | | | |
| Ministry Support Services | 73,166 | 65,446 | 72,717 |
| Air | 17,339 | 27,122 | 26,898 |
| Land | 45,922 | 49,462 | 56,009 |
| Water | 63,840 | 71,199 | 69,533 |
| Fish and Wildlife | 24,811 | 24,846 | 23,091 |
| Integrated Planning | 39,243 | 29,678 | 32,082 |
| Parks | 87,464 | 89,616 | 78,261 |
| Climate Change | 10,655 | 13,898 | 13,865 |
| Land Use Secretariat | 10,463 | 5,689 | 7,493 |
| Science and Monitoring | - | 157 | 15,251 |
| Alberta Environmental Monitoring, Evaluation and Reporting Agency | 78,000 | 77,326 | 58,998 |
| Quasi-Judicial Bodies | 11,865 | 12,454 | 11,188 |
| 2013 Alberta Flooding (Note 15) | | | |
| Non Disaster Recovery Program Expenses | 103,286 | 116,030 | 82,272 |
| | 566,054 | 582,923 | 547,658 |
| **Annual Deficit** | $ (370,631) | $ (388,184) | $ (359,109) |

The accompanying notes and schedules are part of these financial statements.

**DEPARTMENT OF ENVIRONMENT AND PARKS**

**STATEMENT OF FINANCIAL POSITION**

**As at March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| **Financial Assets** | | |
| Cash and Cash Equivalents | $ 4,123 | $ 3,300 |
| Accounts Receivable (Note 5) | 55,497 | 42,203 |
| | 59,620 | 45,503 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities (Note 8) | 102,769 | 91,147 |
| Deferred Revenue | 46,660 | 63,919 |
| Liability for Contaminated Sites (Note 10) | 1,379 | 1,165 |
| | 150,808 | 156,231 |
| **Net Debt** | (91,188) | (110,728) |
| **Non-Financial Assets** | | |
| Tangible Capital Assets (Note 7) | 1,373,702 | 1,375,147 |
| Prepaid Expenses (Note 6) | 7,426 | 8,368 |
| | 1,381,128 | 1,383,515 |
| **Net Assets Before Deferred Capital Contributions** | 1,289,940 | 1,272,787 |
| Spent Deferred Capital Contributions (Note 9) | 15,367 | 17,064 |
| **Net Assets** | $ 1,274,573 | $ 1,255,723 |
| **Net Assets at Beginning of Year** | 1,255,723 | 1,136,731 |
| Adjustments to Net Assets (Note 16) | 14,539 | 10,665 |
| Annual Deficit | (388,184) | (359,109) |
| Net Financing Provided from General Revenues | 392,495 | 467,436 |
| **Net Assets at End of Year** | $ 1,274,573 | $ 1,255,723 |

Contingent Liabilities and Contractual Obligations (Note 11 and 12)

The accompanying notes and schedules are part of these financial statements.

**DEPARTMENT OF ENVIRONMENT AND PARKS**

**STATEMENT OF CHANGE IN NET DEBT**

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated) |
| | | *(in thousands)* | |
| **Annual Deficit** | $ (370,631) | $ (388,184) | $ (359,109) |
| Acquisition of Tangible Capital Assets | (117,867) | (24,570) | (24,679) |
| Amortization of Tangible Capital Assets (Note 7) | 43,971 | 39,943 | 42,600 |
| Loss (Gain) on Sale of Tangible Capital Assets | | 638 | (1,064) |
| Write-downs of Tangible Capital Assets | | 234 | 3,373 |
| Change in Prepaid Expenses | | 942 | 1,411 |
| Change in Spent Deferred Capital Contribution (Note 9) | | (1,697) | (1,698) |
| Other Adjustments (Note 16) | | (261) | - |
| Net Financing Provided from General Revenues | | 392,495 | 467,436 |
| **Decrease in (Net Debt)** | | $ 19,540 | $ 128,270 |
| **(Net Debt) at Beginning of Year** | | (110,728) | (238,998) |
| **(Net Debt) at End of Year** | | $ (91,188) | $ (110,728) |

The accompanying notes and schedules are part of these financial statements.

**DEPARTMENT OF ENVIRONMENT AND PARKS**

**STATEMENT OF CASH FLOWS**

**Year ended March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| **Operating Transactions** | | |
| Annual Deficit | $ (388,184) | $ (359,109) |
| Non-cash Items Included in Annual Deficit | | |
| Amortization of Tangible Capital Assets (Note 7) | 39,943 | 42,600 |
| Deferred Capital Contribution recognized as Revenue (Note 9) | (1,697) | (1,698) |
| Loss on Disposal of Tangible Capital Assets | 872 | 2,309 |
| Donation of Capital Asset | (275) | (623) |
| | (349,341) | (316,521) |
| (Increase) in Accounts Receivable | (13,294) | (1,594) |
| Decrease in Prepaid Expenses | 942 | 1,411 |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | 11,623 | (109,275) |
| (Decrease) in Deferred Revenue | (17,258) | (17,055) |
| Increase in Liability for Contaminated Sites | 214 | - |
| Cash Applied to Operating Transactions | (367,114) | (443,034) |
| **Capital Transactions** | | |
| Acquisition of Tangible Capital Assets (Note 7) | (24,570) | (24,679) |
| Proceeds on Disposal/Sale of Tangible Capital Assets | 12 | - |
| Cash Applied to Capital Transactions | (24,558) | (24,679) |
| **Financing Transactions** | | |
| Net Financing Provided from General Revenues | 392,495 | 467,436 |
| Cash Provided by Financing Transactions | 392,495 | 467,436 |
| **Increase (Decrease) in Cash and Cash Equivalents** | 823 | (277) |
| **Cash and Cash Equivalents at Beginning of Year** | 3,300 | 3,577 |
| **Cash and Cash Equivalents at End of Year** | $ 4,123 | $ 3,300 |

The accompanying notes and schedules are part of these financial statements.

**DEPARTMENT OF ENVIRONMENT AND PARKS**
**NOTES TO THE FINANCIAL STATEMENTS**
**March 31, 2016**

## NOTE 1 AUTHORITY

The Department of Environment and Parks (the department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Department also operates under the authority of the following acts:

| Organization | Authority |
|---|---|
| Department of Environment and Parks | *Boundary Surveys Act*<br>*Wildlife Act*<br>*Fisheries (Alberta) Act*<br>*Forest Reserves Act*<br>*Mines and Minerals Act*<br>*Public Lands Act*<br>*Surveys Act*<br>*Black Creek Heritage Rangeland Trails Act*<br>*Provincial Parks Act*, except sections 14 and 15<br>*Recreation Development Act*<br>*Water Act*<br>*Alberta Land Stewardship Act*<br>*Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act*<br>*Willmore Wilderness Park Act*<br>*Environmental Protection and Enhancement Act*<br>*Drainage Districts Act*<br>*East Central Regional Water Authorization Act*<br>*Hunting, Fishing and Trapping Heritage Act*<br>*North Red Deer Water Authorization Act* |
| Surface Rights Board | *Surface Rights Act* |
| Land Compensation Board | *Expropriation Act* |

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected areas, the Department of Environment and Parks leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans. To achieve the desired outcomes the department utilizes management, science and stewardship practices, and works closely with Albertans and representatives of communities, other governments and industry. The work takes the department into conversations across jurisdictions, including international, national, provincial, regional and local parties.

The department leads and enables the achievement of desired environmental outcomes and natural resource sustainable development to provide economic, social and environmental benefits and to enrich Albertans' quality of life. The department is part of the resource management system in the province, with a focus on provincial parks, protected areas, public lands, forests, fish and wildlife, air quality, water, waste, environmental emergencies, land

## NOTE 1 AUTHORITY (Cont'd)

reclamation and climate change. The department is responsible for overseeing the development, implementation, review and amendment of regional plans under the Land-use Framework. The department develops and implements strategies, policies, plans, and legislation to manage the cumulative effects of human activity and achieve Albertans' desired future. To ensure Alberta's natural resources are managed and developed using innovative and responsible approaches to maximize their value while protecting Alberta's environment, the Department of Environment and Parks commits to Albertans that decisions are informed, responsible and accountable and respect the right mix of opportunities and benefits to achieve desired outcomes.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

### (a) Reporting Entity

The reporting entity is the Department of Environment and Parks, which is part of the Ministry of Environment and Parks and for which the Minister of Environment and Parks is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net financing provided from general revenues is the difference between all cash receipts and all cash disbursements made.

### (b) Basis of Financial Reporting

**Revenue**
All revenues are reported on the accrual basis of accounting.

Government transfers
Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the department complies with its communicated uses of these transfers.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

Government transfers (Cont'd)
All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

Deferred Revenue
Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Credit or Recovery
Credit or recovery initiatives provide a basis for authorizing spending. Credits or recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's credit or recovery initiatives.

**Expenses**
Directly Incurred
Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of the employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

Incurred by Others
Services contributed by related other entities in support of the department operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

**Valuation of Financial Assets and Liabilities**
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

**Financial Assets**
Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Accounts Receivable
Accounts receivable are recorded at the lower cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

**Liabilities**
Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Liability for Contaminated Sites
Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

i. an environmental standard exists;
ii. contamination exceeds the environmental standard;
iii. the department is directly responsible or accepts responsibility;
iv. it is expected that future economic benefits will be given up; and
v. a reasonable estimate of the amount can be made.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

**Non-Financial Assets**

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

(a) are normally employed to deliver government services;
(b) may be consumed in the normal course of operations; and
(c) are not for sale in the normal course of operations.

Non-financial assets of the department are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets
Tangible capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is put into service.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Assets acquired by right are not included.

**Measurement Uncertainty**
*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Royalties and Disturbance fees
Royalties and disturbance fees on dispositions, recorded as $947 in these financial statements (2015 - $820), are subject to measurement uncertainty.

Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The department does not estimate the amount of unreported royalties or disposition fees.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

Liability for Contaminated Sites

Liability for Contaminated Sites recorded as $1,379 (2015 - $1,165) is estimated based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.

Dam and Water Management Structures

Dam and water management structures are recorded at $805,713 (2015 - $813,488). Several factors, including the extent and manner of usage, physical damage, removal from service or change in law or environment, can affect the usage and service life. Therefore impairment, if any, useful life and amortization are subject to measurement uncertainty. Further analysis is needed to evaluate and determine if impairment exists and/or if adjustments to remaining useful life and amortization expense are required.

Provision for Doubtful Accounts

The provision for doubtful accounts, expensed as $193 (2015 Restated - $884), in these financial statements is based on the assumption that:

- 5% of the accounts receivable between 32 and 90 days
- 50% of the accounts receivable between 91 and 365 days, and
- 100% of the accounts receivable over 365 days

at March 31, 2016 will not be collected.

### (c) Change in Accounting Policy

A net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Debt is measured as the difference between the department's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding an additional Statement of Change in Net Debt.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (d) Future Accounting Changes

In 2015 the Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

**PS 3450 Financial Instruments**
In June 2011 the Public Sector Accounting Board issued this accounting standard effective date to April 1, 2019. The department has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

## NOTE 3 GOVERNMENT REORGANIZATION

*(in thousands)*

The Department of Environment and Parks transferred responsibilities for the Forestry Program (excluding Emergency Response) and certain sections of the *Environmental Protection and Enhancement Act*, to the Department of Agriculture and Forestry as a result of restructuring of government departments announced on May 24, 2015. Comparatives for 2015 have been restated as if the department had always been assigned with its current responsibilities.

## NOTE 4 RESTATEMENT FOR PROGRAM TRANSFERS AND CORRECTIONS

*(in thousands)*

| | |
|---|---|
| Net Assets as previously reported at March 31, 2014 | $ 1,289,125 |
| Transfer to Department of Indigenous Relations for the Aboriginal Consultation Office | 120 |
| Transfer to Department of Agriculture and Forestry for the Forestry Program | (152,738) |
| Correction for understatement of tangible capital assets | 224 |
| Restated Net Assets at March 31, 2014 | $ 1,136,731 |
| | |
| Net debt as previously reported at March 31, 2014 | $ (244,829) |
| Transfer to the Department of Agriculture and Forestry for the Forestry Program | 5,831 |
| Net debt at March 31, 2014 | $ (238,998) |
| | |
| Accounts Payable and Accrued Liabilities reported at March 31, 2015 | $ 115,340 |
| Transfer to Department of Indigenous Relations for the Aboriginal Consultation Office | (134) |
| Transfer to Department of Agriculture and Forestry for the Forestry Program | (35,792) |
| Transfer of Deferred Revenue to Land Stewardship Fund related to prior years | 11,733 |
| Restated Accounts Payable and Accrued Liabilities at March 31, 2015 | $ 91,147 |
| | |
| Annual Deficit as previously reported at March 31, 2015 | $ (634,131) |
| Transfer to Department of Indigenous Relations for the Aboriginal Consultation Office | 1,403 |
| Transfer to Department of Justice and Solicitor General for manpower | 265 |
| Transfer from Culture and Tourism for Park Levy | (9,164) |
| Transfer from the Environmental Protection and Enhancement Fund for Premium, Fees and Licences Revenues | 39,016 |
| Transfer from Department of Executive Council for manpower | (302) |
| Transfer to Department of Agriculture and Forestry for the Forestry Program | 243,804 |
| Restated Annual Deficit at March 31, 2015 | $ (359,109) |

## NOTE 5 ACCOUNTS RECEIVABLE

*(in thousands)*

Accounts receivable are unsecured and non-interest bearing.

| | 2016 | | | 2015 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value (Restated) |
| Accounts Receivable | $ 58,229 | $ (2,732) | $ 55,497 | $ 42,203 |

## NOTE 6 PREPAID EXPENSES

*(in thousands)*

The amount of $7,426 (2015 - $8,368) includes a prepayment for future access rights under the Bassano Dam settlement agreement with the Siksika Nation.

## NOTE 7 TANGIBLE CAPITAL ASSETS

*(in thousands)*

| | Land[1] | Buildings | Equipment[2] | Computer Hardware and Software | Land Improvements | Highways and Roads | Dam & Water Management Structures[3] | 2016 Total | 2015 Total (Restated) |
|---|---|---|---|---|---|---|---|---|---|
| **Estimated Useful Life** | Indefinite | 10-50 years | 3-40 years | 3-10 years | 10-40 years | 20-50 years | 20-80 years | | |
| **Historical Costs[4]** | | | | | | | | | |
| Beginning of year | $266,384 | $ 200,026 | $ 98,138 | $ 71,754 | $ 361,891 | $ 4,302 | $ 1,233,806 | $2,236,301 | $ 2,209,978 |
| Additions | 283 | 3,538 | 4,097 | 2,252 | 10,279 | 591 | 3,530 | 24,570 | 25,302 |
| Disposals, including write-downs | - | (100) | (279) | (422) | (594) | - | (944) | (2,339) | (3,600) |
| Transfer In (Out) | 15,897 | 734 | (18,627) | (8) | (2,136) | (13) | 7,823 | 3,670 | 4,621 |
| Asset Reclassification In (Out) | - | 445 | (1,202) | 328 | 429 | - | - | - | - |
| | $ 282,564 | $ 204,643 | $ 82,127 | $ 73,904 | $ 369,869 | $ 4,880 | $ 1,244,215 | $2,262,202 | $ 2,236,301 |
| **Accumulated Amortization** | | | | | | | | | |
| Beginning of year | $ - | $ 106,613 | $ 67,301 | $ 50,563 | $ 215,062 | $ 1,297 | $ 420,318 | $ 861,154 | $ 819,845 |
| Amortization expense | - | 5,537 | 3,074 | 4,881 | 8,207 | 60 | 18,184 | 39,943 | 42,600 |
| Effects of disposals | - | (100) | (185) | (432) | (13) | - | - | (730) | (1,291) |
| Effects of transfers and adjustments | - | 385 | (11,326) | 1,014 | (1,939) | (1) | - | (11,867) | - |
| | $ - | $ 112,435 | $ 58,864 | $ 56,026 | $ 221,317 | $ 1,356 | $ 438,502 | $ 888,500 | $ 861,154 |
| **Net Book Value at March 31, 2016** | $ 282,564 | $ 92,208 | $ 23,263 | $ 17,878 | $ 148,552 | $ 3,524 | $ 805,713 | $1,373,702 | |
| **Net Book Value at March 31, 2015** | $ 266,384 | $ 93,413 | $ 30,837 | $ 21,191 | $ 146,829 | $ 3,005 | $ 813,488 | | $ 1,375,147 |

(1) Land includes land acquired for building sites, infrastructure and other program use.

(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.

(3) Dam and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Department of Transportation and transferred to the Department of Environment and Parks upon their completion.

(4) Historical costs include work-in-progress at March 31, 2016 totalling $89,193 (2015 Restated - $65,414) comprised of: buildings $9,847 (2015 Restated - $8,106); equipment $16,586 (2015 Restated - $8,242); computer hardware and software $8,487 (2015 Restated - $7,345); land improvements $36,408 (2015 Restated - $27,236); dam improvements $13,492 (2015 - $10,011); Highways and Roads $1,115 (2015 Restated - $891) and Land $3,258 (2015 - $3,583).

All intangibles inherited by right of the Crown such as Crown lands, water, and mineral resources are not recognized in these financial statements.

## NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

*(in thousands)*

| | 2016 | 2015 (Restated) |
|---|---|---|
| Accrued liabilities | $ 70,264 | $ 39,640 |
| Accounts payable general | 7,673 | 27,193 |
| Vacation pay | 24,832 | 24,314 |
| | $ 102,769 | $ 91,147 |

## NOTE 9 DEFERRED CAPITAL CONTRIBUTIONS

*(in thousands)*

Spent deferred capital contributions

| | 2016 | | | 2015 |
|---|---|---|---|---|
| | Federal government | Non-government | Total | Total (Restated) |
| Balance at beginning of year | $ 8,336 | $ 8,728 | $ 17,064 | $ 18,762 |
| Less amounts recognized as revenue | (606) | (1,091) | (1,697) | (1,698) |
| Balance at end of year | $ 7,730 | $ 7,637 | $ 15,367 | $ 17,064 |

## NOTE 10 LIABILITY FOR CONTAMINATED SITES

*(in thousands)*

The composition of liabilities is as follows:

| | Total | |
|---|---|---|
| | 2016 | 2015 |
| Liabilities at Beginning of Year | $ 1,165 | $ 1,165 |
| Transfer from Environmental Protection and Enhancement Fund | 214 | - |
| Liabilities, end of year | $ 1,379 | $ 1,165 |

The department has accepted responsibility to perform remediation work and is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar sites to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered. Monitoring costs are estimated based on prior experience and costs for similar sites.

The department has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling. Site liabilities are estimated using past experience for similar sites and information provided by environmental consultants.

There was no spending on the contaminated sites in the 2015-16 fiscal year.

## NOTE 11 CONTINGENT LIABILITIES

*(in thousands)*

The department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2016 accruals totalling $411 (2015: $411) have been recorded as a liability. The total amount claimed for all likely claims is $529 (2015: $679). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The department has been named in 36 (2015: 26) claims of which the outcome is not determinable. Of these claims, 28 (2015: 19) have specified amounts totalling $9,764,433 (2015: $245,175). The remaining eight (2015: seven) claims have no amounts specified. Included in the total claims, ten claims totalling $208,877 (2015: eight claims totalling $207,003) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

## NOTE 12 CONTRACTUAL OBLIGATIONS

*(in thousands)*

Contractual obligations are obligations of the department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | Total | |
|---|---|---|
| | 2016 | 2015 (Restated) |
| Service Contracts | $ 68,741 | $ 43,893 |
| Grants | | |
| Canada ecoTrust for Clean Air and Climate Change | - | 7,100 |
| Various other programs | 70,909 | 78,951 |
| | $ 139,650 | $ 129,944 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | Service Contracts | Grants | Total |
|---|---|---|---|
| 2016-17 | $ 42,000 | $ 70,784 | $ 112,784 |
| 2017-18 | 16,774 | 63 | 16,837 |
| 2018-19 | 3,977 | 62 | 4,039 |
| 2019-20 | 2,372 | - | 2,372 |
| 2020-21 | 561 | - | 561 |
| Thereafter | 3,057 | - | 3,057 |
| | $ 68,741 | $ 70,909 | $ 139,650 |

## NOTE 13 BENEFIT PLANS

*(in thousands)*

The department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $23,074 for the year ended March 31, 2016 (2015 Restated – $22,260). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2015, the Management Employees Pension Plan reported a surplus of $299,051 (2014 – surplus $75,805), the Public Service Pension Plan reported a deficiency of $133,188 (2014 - deficiency $803,299) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $16,305 (2014 – deficiency $17,203).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2016, the Bargaining Unit Plan reported a surplus of $83,006 (2015 – surplus $86,888) and the Management, Opted Out and Excluded Plan a surplus of $29,246 (2015 – surplus $32,343). The expense for these two plans is limited to employer's annual contributions for the year.

## NOTE 14 TRUST FUNDS UNDER ADMINISTRATION

*(in thousands)*

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

At March 31, 2016 trust funds under administration were as follows:

| | 2016 | 2015 (Restated) |
|---|---|---|
| Miscellaneous General Trust (Lands) | $ 31,351 | $ 30,111 |
| Performance Deposit Trust | 30 | 21 |
| Environmental Protection Security Fund | 15,422 | 18,233 |
| Parks General Trust | 901 | 916 |
| | $ 47,704 | $ 49,281 |

In addition to the above trust funds under administration, the department holds bank guarantees in the form of letters of credit and promissory notes as follows:

| | 2016 | 2015 (Restated) |
|---|---|---|
| Miscellaneous General Trust (Lands) | $ 30,606 | $ 30,775 |
| Performance Deposit Trust | 2,537 | 2,337 |
| Environmental Protection Security Fund | 213,312 | 191,834 |
| Parks General Trust | 27,200 | 6,776 |
| | $ 273,655 | $ 231,722 |

## NOTE 15 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the Disaster Recovery Regulation.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

## NOTE 16 ADJUSTMENTS TO NET ASSETS

*(in thousands)*

The reconciliation of adjustments to net assets is as follows:

| | 2016 | 2015 (Restated) |
|---|---|---|
| Non-Grant Transfer of Tangible Capital Asset from/ (to) other Government Departments/Entities | $ 14,800 | $ 10,665 |
| Other Adjustments to Net Assets | (261) | - |
| | $ 14,539 | $ 10,665 |

## NOTE 17 SUBSEQUENT EVENTS

In May 2016, wildfires seriously affected Fort McMurray and surrounding communities. The government is in the process of providing financial assistance for uninsurable loss and damage through its Disaster Recovery Programs (DRP). The DRP is administered and funded by Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province, subject to certain criteria, may recover part of the above costs from the federal government through the Disaster Financial Assistance Arrangement, pending approval through its Order in Council.

The financial impact on the department may be significant but is uncertain at this stage.

On May 27, 2016, Bill 18 received Royal Assent, repealing the *Protecting Alberta's Environment Act* and has an effective date of June 30, 2016, dissolving the Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA). Bill 18 also amends *Environmental Protection and Enhancement Act* to create the role of Chief Scientist and to continue the Science Advisory Panel and Indigenous Wisdom Advisor Panel established by AEMERA. The core AEMERA functions of science and monitoring will be transitioned into the new Environmental Monitoring and Science Divisions at the department. The members of the Board of Directors were terminated by Order in Council on April 7, 2016. AEMERA's CEO continues in office until June 30, 2016 and the Minister of Environment and Parks assumes the governance role of the Board of Directors in the interim.

## NOTE 18 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

## NOTE 19 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 1**

**SCHEDULE TO FINANCIAL STATEMENTS**

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated) |
| | *(in thousands)* | | |
| Internal Government Transfers | | | |
| Transfer from Environmental Protection and Enhancement Fund | $ 4,554 | $ 1,462 | $ 1,930 |
| Transfer from Land Stewardship Fund | 5,000 | 78 | 2,736 |
| | 9,554 | 1,540 | 4,666 |
| Government of Canada Grants | | | |
| Canada ecoTrust for Clean Air and Climate Change | 7,600 | 7,600 | 12,175 |
| Air Quality Health Index | 128 | 146 | 65 |
| Other | 725 | 340 | 1,035 |
| | 8,453 | 8,086 | 13,275 |
| Premiums, Fees and Licences | | | |
| Land and Grazing | 71,590 | 76,375 | 73,099 |
| Camp Ground Fees | 19,212 | 22,589 | 12,258 |
| Other | 13,630 | 9,321 | 10,735 |
| | 104,432 | 108,285 | 96,092 |
| Investment Income | 1 | 88 | 52 |
| Land Sales | 5,000 | 6,833 | 4,005 |
| Other Revenue | | | |
| Refunds of Expenses | - | 1,241 | 1,381 |
| Water Resources | 2,000 | 1,936 | 2,677 |
| Joint Oil Sands Monitoring | 50,000 | 49,937 | 49,998 |
| Various | 15,983 | 16,793 | 16,403 |
| | 67,983 | 69,907 | 70,459 |
| Total Revenues | $ 195,423 | $ 194,739 | $ 188,549 |

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 2**

**SCHEDULE TO FINANCIAL STATEMENTS**

**CREDIT OR RECOVERY**

**Year ended March 31, 2016**

| | 2016 | | | | |
|---|---|---|---|---|---|
| | Authorized [1] | Actual Revenue Recognized | Deferred Revenue | Actual Cash/ Donation Received/ Receivable | (Shortfall) /Excess |
| | | | *(In thousands)* | | |
| Bow Habitat Station | $ 285 | $ 296 | $ 28 | $ 324 | $ 39 |
| Long Lake Education Centre | 30 | 10 | - | 10 | (20) |
| Water Management Infrastructure | 2,000 | 1,687 | 62 | 1,749 | (251) |
| Bow River Phosphorus Management Plan | 30 | 30 | - | 30 | - |
| Remediation Certificates | 25 | 9 | 36 | 45 | 20 |
| Air Quality Health Index | 128 | 146 | - | 146 | 18 |
| Provincial Mapping Data | 3,000 | 1,498 | 16 | 1,514 | (1,486) |
| Fish and Wildlife | 8,930 | 9,069 | 539 | 9,608 | 678 |
| Joint Oil Sands Monitoring | 50,000 | 49,937 | - | 49,937 | (63) |
| Parks Operations | 22,715 | 25,143 | 1,550 | 26,693 | 3,978 |
| Parks Infrastructure Management | 4,860 | 4,499 | 563 | 5,062 | 202 |
| | $ 92,003 | $ 92,324 | $ 2,794 | $ 95,118 | $ 3,115 |

[1] The authorized budget for credits or recoveries includes Adjustments appearing on Schedule 4. Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act*. Only expenditures are authorized.

**Bow Habitat Station**– Revenues are from admissions, concessions, programs, special events, rentals, membership and donations which are used to offset the visitor centre's operating expenses.

**Long Lake Education Centre** – Funding from community groups, environmental education providers and other partners is used to support the delivery of environmental and natural resource education opportunities at the facility.

**Water Management Infrastructure** credit of recovery initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Government of Alberta.

**Remediation Certificate** credit of recovery initiative refers to the costs of conducting site audits that are certified under Environment and Parks new remediation certificate regulation. Revenues are received through a remediation site certificate application fee.

**Air Quality Health Index** credit or recovery initiative refers to the communication efforts that support the implementation of the national Air Quality Health Index in the province. Revenue is collected through an agreement with Health Canada as part of the federal Air Quality Health Index National Outreach Strategy.

**Provincial Mapping Data –** initiative was established for updating and distributing provincial base maps, including cadastral, disposition, and topographic mapping. Revenue for maintenance activities for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration.

**SCHEDULE TO FINANCIAL STATEMENTS**

**CREDIT OR RECOVERY**

**Year ended March 31, 2016**

**Fish and Wildlife** initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders. This includes an agreement with Agriculture Financial Services Corporation for Wildlife Predator Compensation in which Alberta Environment and Parks received $254 thousand in 2015-16 for work on this program.

**Joint Oil Sands Monitoring** – Intended to establish and enhance the monitoring program in the oil sands area. Revenue will be collected from industry, to be disbursed to those parties who are currently delivering monitoring services within the area.

**Parks Operations** – Parks collects various fees and other revenues through the *Parks Act* that are used to partially offset the cost of providing services. These include fees for the use of campgrounds, park facilities and lands, heritage appreciation services (e.g. interpretive bus tours), as well as; contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and other.

**Parks Infrastructure Management**–Parks collects a levy for facility redevelopment within the fees charged for use of campgrounds and park facilities through the *Parks Act*, as well as; contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and others. This revenue is then used to manage infrastructure within provincial parks.

**Note:** The credits or recoveries presented in this schedule are included in the department's Statement of Operations.

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 3**

**SCHEDULE TO FINANCIAL STATEMENTS**

**EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT**

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated) |
| | *(in thousands)* | | |
| Salaries, Wages and Employee Benefits | $ 193,299 | $ 213,172 | $ 203,638 |
| Supplies and Services | 141,278 | 114,443 | 145,155 |
| Supplies and Services from Support Service Arrangements with Related Parties [1] | - | 566 | 755 |
| Grants | 181,279 | 206,989 | 142,536 |
| Financial Transactions and Other | 1,227 | 1,235 | 8,723 |
| Land Stewardship Fund | 5,000 | 6,575 | 4,251 |
| Amortization of Tangible Capital Assets | 43,971 | 39,943 | 42,600 |
| Total Expenses | $ 566,054 | $ 582,923 | $ 547,658 |

(1) The department receives financial and administrative services from the Department of Energy.

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 4**

**SCHEDULE TO FINANCIAL STATEMENTS**

**LAPSE/ENCUMBRANCE**

**Year ended March 31, 2016**

| | Voted Estimate (1) | Supplementary Estimate (2) | Adjustments (3) | Adjusted Voted Estimate | Voted Actuals (4) | Unexpended (Over Expended) |
|---|---|---|---|---|---|---|
| | | | *(in thousands)* | | | |
| **Program Operating** | | | | | | |
| Ministry Support Services | | | | | | |
| 1.1 Minister's Office | $ 736 | $ - | $ - | $ 736 | $ 735 | $ 1 |
| 1.2 Deputy Minister's Office | 689 | - | - | 689 | 688 | 1 |
| 1.3 Communications | 3,888 | - | - | 3,888 | 4,016 | (128) |
| 1.4 Human Resources | 5,652 | - | - | 5,652 | 4,626 | 1,026 |
| 1.5 Legal Services | 324 | - | - | 324 | 328 | (4) |
| 1.6 Corporate Services | 60,454 | - | - | 60,454 | 52,158 | 8,296 |
| | 71,743 | - | - | 71,743 | 62,551 | 9,192 |
| Air | | | | | | |
| 2.1 Air Policy | 7,086 | - | - | 7,086 | 7,324 | (238) |
| 2.2 Air Partners and Stewardship | 4,550 | - | - | 4,550 | 13,219 | (8,669) |
| 2.3 Air Quality Management | 5,703 | - | - | 5,703 | 6,578 | (875) |
| | 17,339 | - | - | 17,339 | 27,121 | (9,782) |
| Land | | | | | | |
| 3.1 Land Policy | 5,590 | - | - | 5,590 | 6,343 | (753) |
| 3.2 Public Land Management | 24,905 | - | - | 24,905 | 25,858 | (953) |
| 3.3 Rangeland Management | 7,786 | - | - | 7,786 | 9,025 | (1,239) |
| | 38,281 | - | - | 38,281 | 41,226 | (2,945) |
| Water | | | | | | |
| 4.1 Water Policy | 3,782 | - | - | 3,782 | 4,792 | (1,010) |
| 4.2 Water Partners and Stewardship | 3,597 | - | - | 3,597 | 3,144 | 453 |
| 4.3 Water Management | 33,075 | - | - | 33,075 | 41,622 | (8,547) |
| | 40,454 | - | - | 40,454 | 49,558 | (9,104) |
| Fish and Wildlife | | | | | | |
| 5.1 Fisheries Management | 7,235 | - | - | 7,235 | 7,804 | (569) |
| 5.2 Wildlife Management | 16,713 | - | - | 16,713 | 16,839 | (126) |
| | 23,948 | - | - | 23,948 | 24,643 | (695) |
| Integrated Planning | | | | | | |
| 6.1 Resource Management | 30,273 | - | - | 30,273 | 23,143 | 7,130 |
| 6.2 Regional Cumulative Effects Management | 3,067 | - | - | 3,067 | 3,408 | (341) |
| 6.3 Environmental Emergency Response | 1,429 | - | - | 1,429 | 1,703 | (274) |
| | 34,769 | - | - | 34,769 | 28,254 | 6,515 |
| Parks | | | | | | |
| 7.1 Program Support | 972 | - | - | 972 | 1,136 | (164) |
| 7.2 Parks Program Coordinator | 3,853 | - | - | 3,853 | 5,857 | (2,004) |
| 7.3 Parks Operations | 56,246 | - | 1,060 | 57,306 | 57,750 | (444) |
| 7.4 Parks Infrastructure Management | 7,911 | - | - | 7,911 | 7,993 | (82) |
| | 68,982 | - | 1,060 | 70,042 | 72,736 | (2,694) |
| Climate Change | 3,055 | - | - | 3,055 | 5,333 | (2,278) |
| Land Use Secretariat | 10,463 | - | - | 10,463 | 5,689 | 4,774 |
| Science and Monitoring | - | - | - | - | 130 | (130) |

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 4**

**SCHEDULE TO FINANCIAL STATEMENTS** **(Cont'd)**

**LAPSE/ENCUMBRANCE**

**Year ended March 31, 2016**

| | Voted Estimate [1] | Supplementary Estimate [2] | Adjust-ments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended (Over Expended) |
|---|---|---|---|---|---|---|
| | | | *(in thousands)* | | | |
| Alberta Environmental Monitoring, Evaluation and Reporting Agency | | | | | | |
| 11.1 Joint Oil Sands Monitoring | 50,000 | - | - | 50,000 | 49,329 | 671 |
| 11.2 Monitoring, Evaluation and Reporting | 28,000 | - | - | 28,000 | 27,997 | 3 |
| | 78,000 | - | - | 78,000 | 77,326 | 674 |
| Quasi-Judicial Bodies | | | | | | |
| 12.1 Natural Resources Conservation Board | 6,512 | - | - | 6,512 | 5,537 | 975 |
| 12.2 Surface Rights and Land Compensation Boards | 3,604 | - | - | 3,604 | 5,267 | (1,663) |
| 12.3 Environmental Appeals Board | 1,258 | - | - | 1,258 | 1,092 | 166 |
| 12.4 Public Lands Appeal Board | 483 | - | - | 483 | 550 | (67) |
| | 11,857 | - | - | 11,857 | 12,446 | (589) |
| 2013 Alberta Flooding | | | | | | |
| 13.1 Infrastructure Recovery | 14,435 | - | - | 14,435 | 8,208 | 6,227 |
| 13.3 Flood Hazard Mapping | 4,907 | - | - | 4,907 | 2,191 | 2,716 |
| 13.4 Parks Flood Recovery | 3,800 | - | - | 3,800 | 1,339 | 2,461 |
| 13.5 Community Stabilization | - | - | - | - | 35 | (35) |
| | 23,142 | | - | 23,142 | 11,773 | 11,369 |
| Total | $422,033 | $ - | $ 1,060 | $ 423,093 | $418,786 | $ 4,307 |
| **Lapse/(Encumbrance)** | | | | | | $ 4,307 |
| **Program – Capital Grants** | | | | | | |
| Parks | | | | | | |
| 7.4 Parks Infrastructure Management | $ 500 | $ - | $ - | $ 500 | $ 500 | $ - |
| Climate Change | 7,600 | - | - | 7,600 | 8,600 | (1,000) |
| 2013 Alberta Flooding | | | | | | |
| 13.1 Infrastructure Recovery | 9,682 | - | - | 9,682 | 8,978 | 704 |
| 13.5 Community Stabilization | 70,462 | 25,000 | - | 95,462 | 95,843 | (381) |
| Total | $ 88,244 | $ 25,000 | $ - | $ 113,244 | $113,921 | $ (677) |
| **Lapse/(Encumbrance)** | | | | | | $ (677) |
| **Program – Capital Investment** | | | | | | |
| Land | | | | | | |
| 3.2 Public Land Management | $ 5,000 | $ - | $ - | $ 5,000 | $ 98 | $ 4,902 |
| 3.3 Rangeland Management | - | - | - | - | 4 | (4) |
| Water | | | | | | |
| 4.3 Water Management | - | - | - | - | 108 | (108) |
| Fish and Wildlife | | | | | | |
| 5.1 Fisheries Management | - | - | - | - | 104 | (104) |
| Integrated Planning | | | | | | |
| 6.3 Environmental Emergency Response | - | - | - | - | 7 | (7) |
| Parks | | | | | | |
| 7.3 Parks Operations | - | - | - | - | 179 | (179) |
| 7.4 Parks Infrastructure Management | 19,015 | - | - | 19,015 | 18,474 | 541 |
| Science and Monitoring | | | | | | |
| 11.1 Environmental Science | 800 | - | - | 800 | - | 800 |

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 4**

**SCHEDULE TO FINANCIAL STATEMENTS** **(Cont'd)**

**LAPSE/ENCUMBRANCE**

**Year ended March 31, 2016**

| | Voted Estimate [1] | Supplementary Estimate [2] | Adjust-ments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended (Over Expended) |
|---|---|---|---|---|---|---|
| | | | *(in thousands)* | | | |
| 2013 Alberta Flooding | | | | | | |
| 13.1 Infrastructure Recovery | 3,739 | - | - | 3,739 | 31 | 3,708 |
| 13.4 Parks Flood Recovery | 11,840 | - | - | 11,840 | 2,088 | 9,752 |
| 13.5 Community Stabilization | 77,000 | (25,000) | - | 52,000 | 3,477 | 48,523 |
| Total | $117,394 | $ (25,000) | $ - | $ 92,394 | $ 24,570 | $ 67,824 |
| **Lapse/(Encumbrance)** | | | | | | $ 67,824 |
| **Financial Transactions** | | | | | | |
| Environmental Site Liability Retirement | | | | | | |
| Water | | | | | | |
| 4.3 Water Management | $ 100 | $ - | $ - | $ 100 | $ - | $ 100 |
| Total | $ 100 | $ - | $ - | $ 100 | $ - | $ 100 |
| **Lapse/(Encumbrance)** | | | | | | $ 100 |

(1) As per "Expense Vote by Program", "Capital Grant Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" page 114, 115 and 116 of 2015-16 Government Estimates.

(2) Per the Supplementary Supply Estimates approved on March 23, 2016.

(3) Adjustments include encumbrances, capital carry forward amounts and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 5**

**SCHEDULE TO FINANCIAL STATEMENTS**

**LOTTERY FUND ESTIMATES**

**Year ended March 31, 2016**

| | 2015-16 Lottery Fund Estimates | 2015-16 Actual | Unexpended (Over Expended) |
|---|---|---|---|
| | | *(in thousands)* | |
| Parks Operations | $ 10,000 | $ 10,000 | $ - |
| Integrated Planning | 500 | 500 | - |
| | $ 10,500 | $ 10,500 | $ - |

This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 6**

**SCHEDULE TO FINANCIAL STATEMENTS**

**SALARY AND BENEFITS DISCLOSURE**

**Year ended March 31, 2016**

| | 2016 | | | | 2015 |
|---|---|---|---|---|---|
| | Base Salary [1] | Other Cash Benefits [2] | Other Non-cash Benefits [3] | Total | Total (Restated) |
| **Environment and Parks** | | | | | |
| Deputy Minister[4][5] | $ 285,829 | $ - | $ 73,165 | $ 358,994 | $ 343,322 |
| Assistant Deputy Ministers | | | | | |
| Strategy Division | 196,885 | 18,939 | 52,725 | 268,549 | 251,358 |
| Policy and Planning Division | 146,365 | - | 4,122 | 150,487 | 215,365 |
| Corporate Division | 198,917 | - | 53,388 | 252,305 | 236,801 |
| Parks Division[5] | 184,654 | - | 48,586 | 233,240 | 230,651 |
| Operations Division[5] | 195,957 | - | 52,700 | 248,657 | 285,520 |
| Policy Management Office[6] | 50,338 | - | 12,800 | 63,138 | 122,939 |
| Climate Change Strategy Division[7] | 38,539 | - | 11,123 | 49,662 | - |
| Integrated Resource Management Planning[8] | - | - | - | - | 184,992 |
| Regional Advisory Committee[9] | - | - | - | - | 186,538 |
| Other Executives | | | | | |
| Executive Director Human Resources | 164,033 | - | 44,251 | 208,284 | 204,478 |
| Communications[5][10] | 118,478 | - | 36,079 | 154,557 | 165,000 |
| **Climate Change Office[11]** | | | | | |
| Deputy Minister[4][11] | 47,197 | - | 13,341 | 60,538 | - |
| Assistant Deputy Ministers | | | | | |
| Implementation and Engagement[11] | 30,832 | - | 9,359 | 40,191 | - |
| Policy, Legislation and Evaluation[12] | - | - | - | - | - |

(1) Base Salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2016.
(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition fees and health spending benefit.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) This position was occupied by two individuals at different times during the year. Effective dates of changes are as follows: Deputy Minister: February 2, 2016; Parks Division: November 2, 2015; Operations Division: November 2, 2015; and Communications: November 9, 2015 (position was vacant from August 25, 2015).
(6) Services are shared with the Department of Energy which contributes its own share of the cost of salary and benefits. The Policy Management Office was dissolved on January 1, 2016, and became the Integrated Resource Management System Secretariat.

(7) A new division was established on November 23, 2015, as a result of the Alberta's Climate Leadership Plan, and is responsible for coordinating efforts to implement Alberta's climate change policies, decisions, and reporting. Effective February 2, 2016, the incumbent has moved under the Climate Change Office.
(8) Responsibilities of the Integrated Resource Management Planning Division were reallocated between the Strategy Division and the Policy and Planning Division in the prior fiscal year.
(9) The role was established for the Advisory Committee for North Saskatchewan Regional Plan, and interim leadership with The Clean Air Strategic Alliance that was completed in 2014-15.
(10) Prior year incumbent's salary was charged to the Department of Executive Council.
(11) On February 2, 2016, the Climate Change Office was created to focus on the implementation of the Climate Leadership Plan.
(12) The position is vacant and active recruitment is taking place.

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 7**

**SCHEDULE TO FINANCIAL STATEMENTS**

**RELATED PARTY TRANSACTIONS**

**Year ended March 31, 2016**
**(in thousands)**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Entities in the Ministry | | Other Entities | |
|---|---|---|---|---|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| Revenues | | | | |
| Internal Government Transfers | $ - | $ - | $ 1,462 | $ 1,930 |
| Fees and Charges | 78 | 2,736 | 6 | 4 |
| | $ 78 | $ 2,736 | $ 1,468 | $ 1,934 |
| Expenses – Directly Incurred | | | | |
| Grants | $ 82,863 | $ 61,023 | 607 | 364 |
| Other Services | - | - | 10,692 | 10,506 |
| Land Stewardship Fund | 6,575 | 4,251 | - | - |
| | $ 89,438 | $ 65,274 | $ 11,299 | $ 10,870 |
| Receivable from | $ 2,050 | $ 17,318 | $ 40,198 | $ - |
| Payable To | $ 5 | $ 16,373 | $ 1,629 | $ 668 |
| Contractual Obligations | $ 70,520 | $ 78,000 | $ - | $ - |

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 7**

**SCHEDULE TO FINANCIAL STATEMENTS** **(Cont'd)**

**RELATED PARTY TRANSACTIONS**

**Year ended March 31, 2016**

***(in thousands)***

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

| | Entities in the Ministry | | Other Entities | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 (Restated) |
| Expenses – Incurred by Others | | | | |
| Accommodation | $ - | $ - | $ 42,153 | $ 39,357 |
| Administration Costs | - | - | 10,959 | 6,653 |
| Air Transportation | - | - | - | 218 |
| Legal Services | - | - | 4,897 | 4,968 |
| Water Management Infrastructure Maintenance | - | - | 2,399 | 4,893 |
| Parks Maintenance | - | - | 1,080 | 901 |
| | $ - | $ - | $ 61,488 | $ 56,990 |

**DEPARTMENT OF ENVIRONMENT AND PARKS** **Schedule 8**

**SCHEDULE TO FINANCIAL STATEMENTS**

**ALLOCATED COSTS**

**Year ended March 31, 2016**

***(in thousands)***

| | 2016 | | | | | | 2015 |
|---|---|---|---|---|---|---|---|
| | | Expenses – Incurred by Others | | | | | |
| Program | Expenses [1] | Accommodation Costs [2] | Legal Services [3] | Business Services [4] | Water Management Infrastructure and Parks Maintenance | Total Expenses | Total Expenses (Restated) |
| Ministry Support Services | $ 65,446 | $ 7,003 | $ 888 | $ 1,729 | $ - | $ 75,066 | $ 82,247 |
| Air | 27,122 | 3,055 | 200 | 776 | - | 31,153 | 30,823 |
| Land | 49,462 | 6,401 | 967 | 1,413 | - | 58,243 | 64,950 |
| Water | 71,199 | 7,137 | 774 | 2,038 | 2,399 | 83,547 | 82,908 |
| Fish and Wildlife | 24,846 | 1,807 | 285 | 711 | - | 27,649 | 25,540 |
| Integrated Planning | 29,678 | 5,643 | 663 | 809 | - | 36,793 | 37,914 |
| Parks | 89,616 | 8,497 | 951 | 2,565 | 1,080 | 102,709 | 86,549 |
| Climate Change | 13,898 | 691 | 40 | 398 | - | 15,027 | 14,533 |
| Land Use Secretariat | 5,689 | 335 | 129 | 163 | - | 6,316 | 8,049 |
| Science and Monitoring | 157 | - | - | 1 | - | 158 | 17,807 |
| Alberta Environmental Monitoring, Evaluation and Reporting Agency | 77,326 | - | - | - | - | 77,326 | 58,998 |
| Quasi-Judicial Bodies | 12,454 | 714 | - | 356 | - | 13,524 | 12,058 |
| 2013 Alberta Flooding | 116,030 | 870 | - | - | - | 116,900 | 82,272 |
| | $ 582,923 | $ 42,153 | $ 4,897 | $ 10,959 | $ 3,479 | $ 644,411 | $ 604,648 |

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation on Schedule 7, allocated by full time equivalent.

(3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(4) Costs shown for Business Services on Schedule 7, allocated by percentage of total costs incurred includes Administration for $10,778 (2015 Restated - $6,507), Corporate Internal Audit Services (CIAS) for $58 (2015 Restated - $11), Corporate Human Resources Learning for $123 (2015 Restated - $135) and Air Transportation for $0 (2015 Restated - $218).

# Climate Change and Emissions Management Fund

## Financial Statements

Year Ended March 31, 2016

AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Minister of Environment and Parks

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Climate Change and Emissions Management Fund, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Climate Change and Emissions Management Fund as at March 31, 2016, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 16, 2016

Edmonton, Alberta

## CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

## STATEMENT OF OPERATIONS

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Note 6) |
| | | *(in thousands)* | |
| **Revenues (Note 2(b))** | | | |
| Facility Purchases of Fund Units by Sector | | | |
| Mining, Oil and Gas Extraction | $ 26,390 | $ 88,608 | $ 22,094 |
| Utilities | 44,590 | 77,182 | 37,898 |
| Manufacturing | 5,460 | 17,442 | 5,110 |
| Transportation and Warehousing | 14,560 | 16,542 | 12,131 |
| Investment Income | - | 1,405 | 1,156 |
| Other Revenue (Note 7) | - | - | 97,087 |
| | 91,000 | 201,179 | 175,476 |
| **Expenses – Directly Incurred (Note 2(b))** | | | |
| Administration | - | 371 | 599 |
| Grants | 60,000 | 7,000 | - |
| | 60,000 | 7,371 | 599 |
| **Annual Surplus** | $ 31,000 | $ 193,808 | $ 174,877 |

The accompanying notes and schedules are part of these financial statements.

## CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

## STATEMENT OF FINANCIAL POSITION

**As at March 31, 2016**

| | 2016 | 2015 |
|---|---|---|
| | *(in thousands)* | |
| **Financial Assets** | | |
| Cash and Cash Equivalents (Note 3) | $ 300,580 | $ 154,010 |
| Accounts Receivable (Note 4) | 68,105 | 25,867 |
| | 368,685 | 179,877 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities | - | 5,000 |
| | - | 5,000 |
| **Net Financial Assets** | $ 368,685 | $ 174,877 |
| **Net Assets at Beginning of Year** | $ 174,877 | $ - |
| Annual Surplus | 193,808 | 174,877 |
| **Net Assets at End of Year** | $ 368,685 | $ 174,877 |

The accompanying notes and schedules are part of these financial statements.

## CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual |
| | | *(in thousands)* | |
| **Annual Surplus** | $ 31,000 | $ 193,808 | $ 174,877 |
| **Increase in Net Financial Assets** | | $ 193,808 | $ 174,877 |
| **Net Financial Assets at Beginning of Year** | | 174,877 | - |
| **Net Financial Assets at End of Year** | | $ 368,685 | $ 174,877 |

The accompanying notes and schedules are part of these financial statements.

**CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND**

**STATEMENT OF CASH FLOWS**

**Year ended March 31, 2016**

| | 2016 | 2015 |
|---|---|---|
| | *(in thousands)* | |
| **Operating Transactions** | | |
| Annual Surplus | $ 193,808 | $ 174,877 |
| (Increase) Decrease in Accounts Receivable | (42,238) | 5,932 |
| (Decrease) in Accounts Payable and Accrued Liabilities | (5,000) | (145,828) |
| Cash Provided by Operating Transactions | 146,570 | 34,981 |
| **Increase in Cash and Cash Equivalents** | 146,570 | 34,981 |
| **Cash and Cash Equivalents at Beginning of Year** | 154,010 | 119,029 |
| **Cash and Cash Equivalents at End of Year** | $ 300,580 | $ 154,010 |

The accompanying notes and schedules are part of these financial statements.

## NOTE 1 AUTHORITYAND PURPOSE

The Climate Change and Emissions Management Fund (CCEMF) operates under the authority of the *Climate Change and Emissions Management Act*, Chapter C-16.7.

The CCEMF may be used only for purposes related to reducing emissions of specified gases or improving Alberta's ability to adapt to climate change. On June 2015, the Government of Alberta announced changes to the Specified Gas Emitters Regulation that requires emission intensity reduction to be increased from 12% to 15% and price per tonne increased from $15 to $20 effective January 1, 2016. Emissions intensity is the ratio of greenhouse gas emissions to facilities' production for the period.

The CCEMF operates as follows:

- Revenues in the CCEMF are primarily from purchases of fund units ($15 per tonne up to 2015, $20 in 2016) used in meeting net emissions intensity limits. Facilities can also make improvements to their operations, purchase Alberta-based offsets or use emission performance credits. Net emission intensity limit is the required emission intensity for the facility; this is set as the reduction target (12% in 2015, 15% in 2016) below the approved baseline emission intensity.

- Emissions measurement involves the use of different methodologies including estimation techniques and use of emission factors. Such techniques can involve using equipment with varying degrees of precision. Use of different techniques and emission factors may produce different results.

- Management has provided guidance to facilities and verifiers for the calculation and verification of emissions intensity. Every facility submitting a compliance report is required to have a third party verify the report at a reasonable assurance level from January 1, 2012.

Management's previous guidance to the tillage offset verifiers allowed the verifiers to rely on the offset project developers' written attestations and records as evidence that the offsets are valid. Management has revised its guidance to require verifiers to collect sufficient evidence to support claims for tillage offsets, beginning with the 2012 compliance period.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

### (a) Reporting Entity

The reporting entity is the CCEMF for which the Minister of Environment and Parks is accountable. Other entities reporting to the minister are the Department of Environment and Parks, the Land Stewardship Fund, the Natural Resources Conservation Board, and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

### (b) Basis of Financial Reporting

**Revenue**
All revenues are reported on the accrual basis of accounting.

Facility Purchases of Fund Units
These revenues are measured from amounts assessed by management and from estimates of amounts not yet assessed based on cash and fund unit purchase information received from facilities that relates to compliance period ended December 31, 2015. Revenues also include adjustments resulting from reviews and audits of previous years' submissions.

Management has adopted a regulatory threshold on emissions and production reported by facilities when calculating emissions intensity. This threshold requires facilities to correct and re-verify submissions where errors exceed the threshold. Management can require errors below the threshold to be corrected.

**Measurement Uncertainty**
Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The revenues and accounts receivable include an estimate of $68,000 for the period January 1 to March 31, 2016 (2015 - $22,848) in these financial statements, are subject to measurement uncertainty. Management estimated this amount by using 2014 and 2015 emissions and production data, 2016 production where available and including compliance preferences of each facility. Preference of each facility is significantly influenced by the policy decision in the changes of price per tonne. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets and revenues reported. Actual results could vary by a material amount.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

**Measurement Uncertainty (Cont'd)**

Completeness of Revenues from Facility Purchases of Fund Units

Facilities submitting compliance reports are expected to understand and comply with the relevant legislation. This has an impact on the completeness of revenue when facilities do not fully meet the legislative requirements and, for example, report inaccurate or incomplete emissions or production data. Management has implemented systems and processes to detect and correct situations where facilities have not complied with the legislation. These systems and controls, based on areas of highest risk, include performing verifications of facility and offset project records.

Wildfires in the Fort McMurray region have forced the shutdown of some oil sands production operations and other oil and gas sites which are subject to the Specified Gas Emitters Regulation. The impact of these shutdowns will vary from site to site and are a demonstration of the uncertainty inherent in these forecasts. Sites with prolonged closure and associated production and emissions reductions would be expected to have lower compliance obligations for the year than forecast. Sites with short periods of closure may have slightly higher obligations than forecast associated with increased emissions intensity due to the site shutdown and startup periods.

**Expenses**

Expenses are those costs the CCEMF has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amount can be made.

Expenses include $371 for re-verification costs (2015 - $599) and $7,000 (2015 - $0) for energy efficiency grant payments. Other administrative costs are paid for by the Department of Environment and Parks.

**Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

**Financial Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

**Financial Assets (Cont'd)**

Financial assets of the CCEMF are comprised of cash and cash equivalents and accounts receivable.

Accounts Receivable
Accounts receivable are recorded at the lower of cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

**Liabilities**
Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

### (c) Change in Accounting Policy

A net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Debt of Net Financial Assets is measured as the difference between the Fund's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding an additional Statement of Change in Net Financial Assets.

### (d) Future Accounting Changes

In 2015 the Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosure required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS1000, and establishes general disclosure standards for assets; PS3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (d) Future Accounting Changes (Cont'd)

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

**PS 3450 Financial Instruments**
In June 2011 the Public Sector Accounting Board issued this accounting standard effective April 1, 2019. The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adoption of this standard required corresponding adoption of: PS 2601 Foreign Currency Translation; PS 1201 Financial Statement Presentation; and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

## NOTE 3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2016, securities held by the Fund have a time-weighted return of 0.8% per annum (2015: 1.2% per annum).

## NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

| | 2016 | 2015 |
|---|---|---|
| Facility Purchases of Fund Units by Sector | | |
| Mining, Oil and Gas Extraction | $ 27,900 | $ 10,067 |
| Utilities | 29,305 | 9,598 |
| Manufacturing | 5,900 | 3,061 |
| Transportation and Warehousing | 5,000 | 3,141 |
| | $ 68,105 | $ 25,867 |

## NOTE 5 SUBSEQUENT EVENTS

In May 2016, wildfires seriously affected Fort McMurray and surrounding communities. The government is in the process of providing financial assistance for uninsurable loss and damage through its Disaster Recovery Programs (DRP). The DRP is administered and funded by Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province, subject to certain criteria, may recover part of the above costs from the federal government through the Disaster Financial Assistance Arrangement, pending approval through its Order in Council.

The financial impact on the CCEMF may be significant but is uncertain at this stage.

## NOTE 6 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

## NOTE 7 OTHER REVENUE

The Government of Alberta has introduced a Climate Leadership Plan and is updating its regulatory instruments to ensure continued effectiveness in reducing emissions. In 2014-15 the Government reviewed the operations and mandate of the Climate Change and Emissions Management Corporation (Corporation) and decided to derecognize the prior year liability set up as a grant to the Corporation. Review of innovation system to support climate change outcomes continues under the announced Climate Leadership Plan.

## NOTE 8 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the senior financial officer and the deput minister.

# Land Stewardship Fund

## Financial Statements

Year Ended March 31, 2016

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Minister of Environment and Parks

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Land Stewardship Fund, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Land Stewardship Fund as at March 31, 2016, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 16, 2016

Edmonton, Alberta

## LAND STEWARDSHIP FUND

## STATEMENT OF OPERATIONS

**Year ended March 31, 2016**

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|---|---|---|
| | | *(in thousands)* | |
| **Revenues** | | | |
| Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2(b) and 6) | $ 5,000 | $ 6,575 | $ 4,251 |
| Investment Income | - | 556 | 832 |
| Other Revenue | - | 1,025 | 232 |
| | 5,000 | 8,156 | 5,315 |
| **Expenses – Directly Incurred (Note 2(b) and Schedule 1)** | | | |
| Grants to the department to Acquire Land | 5,000 | 78 | 2,736 |
| Grants to Land Trusts | 10,000 | 5,888 | 5,160 |
| Land Transaction Expenses | - | 118 | 135 |
| | 15,000 | 6,084 | 8,031 |
| **Annual Surplus/(Deficit)** | $ (10,000) | $ 2,072 | $ (2,716) |

The accompanying notes and schedules are part of these financial statements.

**LAND STEWARDSHIP FUND**

**STATEMENT OF FINANCIAL POSITION**

**As at March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| **Financial Assets** | | |
| Cash and Cash Equivalents (Note 3) | $ 80,131 | $ 70,525 |
| Accounts Receivable | 25 | 11,759 |
| | 80,156 | 82,284 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities | 970 | 5,170 |
| | 970 | 5,170 |
| **Net Financial Assets** | 79,186 | 77,114 |
| **Net Assets** | $ 79,186 | $ 77,114 |
| **Net Assets at Beginning of Year** | $ 77,114 | $ 68,097 |
| Adjustments to Net Assets (Note 4) | - | 11,733 |
| Annual Surplus/(Deficit) | 2,072 | (2,716) |
| **Net Assets at End of Year (Note 5)** | $ 79,186 | $ 77,114 |

The accompanying notes and schedules are part of these financial statements.

**LAND STEWARDSHIP FUND**

**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual (Restated) |
| | | *(in thousands)* | |
| **Annual Surplus (Deficit)** | $ (10,000) | $ 2,072 | $ (2,716) |
| Other Adjustments (Note 4) | | - | 11,733 |
| **Increase in Net Financial Assets** | | $ 2,072 | $ 9,017 |
| **Net Financial Assets at Beginning of Year** | | 77,114 | 68,097 |
| **Net Financial Assets at End of Year** | | $ 79,186 | $ 77,114 |

The accompanying notes and schedules are part of these financial statements.

**LAND STEWARDSHIP FUND**

**STATEMENT OF CASH FLOWS**

**Year ended March 31, 2016**

| | 2016 | 2015 (Restated) |
|---|---|---|
| | *(in thousands)* | |
| **Operating Transactions** | | |
| Annual Surplus (Deficit) | $ 2,072 | $ (2,716) |
| Decrease (Increase) in Accounts Receivable | 11,734 | (11,759) |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (4,200) | 4,796 |
| Cash Provided by (Applied to) Operating Transactions | 9,606 | (9,679) |
| **Financing Transactions** | | |
| Transfer from Department (Note 4) | - | 11,733 |
| Cash Provided by Financing Transactions | - | 11,733 |
| **Increase in Cash and Cash Equivalents** | 9,606 | 2,054 |
| **Cash and Cash Equivalents at Beginning of Year** | 70,525 | 68,471 |
| **Cash and Cash Equivalents at End of Year** | $ 80,131 | $ 70,525 |

The accompanying notes and schedules are part of these financial statements.

**LAND STEWARDSHIP FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

## NOTE 1 AUTHORITY

The Land Stewardship Fund (the Fund) operates under the authority of the *Public Lands Act*, section 11.2(1) and was established effective April 1, 2010. The Fund has been set up to receive the proceeds from the sale of public land in Alberta. The funds can be used to purchase land for conservation and stewardship needs such as land for sensitive habitat, critical watersheds and conservation easements that better meet the ministry's mandate. Further, under the authority of the *Alberta Regulation 31/2011 Public Lands Act*, Land Stewardship Fund, the Fund may be used to provide grants made by the Minister under the *Environment Grant Regulation (AR 182/2000)* to persons for the purchase of an estate or interest in land for conservation purposes.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

### (a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Environment and Parks (the Ministry) for which the Minister of Environment and Parks is accountable.

### (b) Basis of Financial Reporting

**Revenue**
All revenues are reported on the accrual basis of accounting.

Deferred Revenue
Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government transfers
Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the eligibility criteria of the transfer, or the stipulations together with the Fund's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the Fund complies with its communicated uses of these transfers.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (b) Basis of Financial Reporting (Cont'd)

Government transfers (Cont'd)
All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the Fund meets the eligibility criteria (if any).

**Expenses**
Directly Incurred
Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

**Valuation of Financial Assets and Liabilities**
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

**Financial Assets**
Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the Fund are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Accounts Receivable
Accounts receivable are recorded at the lower of cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

**Liabilities**
Liabilities are present obligations of a government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (c) Change in Accounting Policy

A net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net Financial Assets is measured as the difference between the Fund's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding an additional Statement of Change in Net Financial Assets.

### (d) Future Accounting Changes

In 2015 the Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosure required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### (d) Future Accounting Changes (Cont'd)

**PS 3450 Financial Instruments**

In June 2011 the Public Sector Accounting Board issued this accounting standard effective April 1, 2019. The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2019-20 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601 Foreign Currency Translation; PS 1201 Financial Statement Presentation; and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

## NOTE 3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2016, securities held by the Fund have a time-weighted return of 0.8% per annum (2015: 1.2% per annum).

## NOTE 4 ADJUSTMENTS TO ACCOUNTS RECEIVABLE AND NET ASSETS

*(in thousands)*

| | | |
|---|---|---|
| Accounts receivable as previously reported at March 31, 2015 | $ | 26 |
| Correction for a land sale that should have been recognized in 2013-14 due to amendments to the sale agreement | | 11,733 |
| Restated Accounts Receivable at March 31, 2015 | $ | 11,759 |
| | | |
| Net Assets as previously reported at March 31, 2015 | $ | 68,097 |
| Correction for a land sale that should have been recognized in 2013-14 due to amendments to the sale agreement | | 11,733 |
| Annual (Deficit) | | (2,716) |
| Restated Net Assets at March 31, 2015 | $ | 77,114 |

## NOTE 5 NET ASSETS

*(in thousands)*

The Net Assets for the Fund are capped at $150,000 in accordance with the *Land Stewardship Fund Regulation*.

## NOTE 6 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND PARKS

Revenue received by the Department of Environment and Parks (the department) in payment for the sale of land inventory was transferred to the Fund according to the *Land Stewardship Fund Regulation*.

## NOTE 7 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

## NOTE 8 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

**LAND STEWARDSHIP FUND** **Schedule 1**

**SCHEDULE TO FINANCIAL STATEMENTS**

**EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT**

**Year ended March 31, 2016**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual |
| | *(in thousands)* | | |
| Supplies and Services | $ - | $ 118 | $ 135 |
| Grants | 15,000 | 5,966 | 7,896 |
| Total Expenses | $ 15,000 | $ 6,084 | $ 8,031 |

**LAND STEWARDSHIP FUND** **Schedule 2**

**SCHEDULE TO FINANCIAL STATEMENTS**

**RELATED PARTY TRANSACTIONS**

**Year ended March 31, 2016**

***(in thousands)***

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Fund.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | Entities in the Ministry | | Other Entities | |
|---|---|---|---|---|
| | 2016 | 2015 (Restated) | 2016 | 2015 (Restated) |
| Revenues | | | | |
| Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2(b) & 6) | $ 6,575 | $ 4,251 | $ - | $ - |
| Expenses – Directly Incurred | | | | |
| Grants | $ 78 | $ 2,736 | $ - | $ - |
| Receivable from | $ - | $ 11,734 | $ - | $ 25 |
| Payable to | $ - | $ 8 | $ - | $ - |

# Natural Resources Conservation Board

## Financial Statements

Year Ended March 31, 2016

AUDITOR GENERAL
*Alberta*

## Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

May 25, 2016

Edmonton, Alberta

**NATURAL RESOURCES CONSERVATION BOARD**
**STATEMENT OF OPERATIONS**
**Year ended March 31**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual |
| **Revenues** | | | |
| Government Transfer | | | |
| Transfer from the Department of Environment and Parks | $6,512,000 | $5,537,000 | $5,920,000 |
| Interest | 39,000 | 38,754 | 52,469 |
| Other Revenue | 1,000 | 1,946 | 2,119 |
| | 6,552,000 | 5,577,700 | 5,974,588 |
| **Expenses – Directly Incurred (Note 2a and Schedules 1 and 3)** | | | |
| Board Reviews and Hearings | 1,361,360 | 1,048,129 | 1,205,446 |
| Regulating Confined Feeding Operations | 5,194,640 | 4,387,234 | 4,647,586 |
| | 6,556,000 | 5,435,363 | 5,853,032 |
| **Annual Operating Surplus (Deficit)** | (4,000) | 142,337 | 121,556 |
| **Accumulated Surplus, Beginning of Year** | 3,252,764 | 3,252,764 | 3,131,208 |
| **Accumulated Surplus, End of Year** | $3,248,764 | $3,395,101 | $3,252,764 |

The accompanying notes and schedules are part of these financial statements.

**NATURAL RESOURCES CONSERVATION BOARD**
**STATEMENT OF FINANCIAL POSITION**
**As at March 31**

| | 2016 | 2015 |
|---|---|---|
| **Financial Assets** | | |
| Cash and Cash Equivalents (Note 4) | $3,703,186 | $3,574,798 |
| Accounts Receivable | 1,484 | 2,054 |
| | 3,704,670 | 3,576,852 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities (Note 6) | 331,952 | 350,659 |
| **Net Financial Assets** | 3,372,718 | 3,226,193 |
| **Net Financial Assets** | | |
| Tangible Capital Assets (Note 7) | 19,825 | 25,019 |
| Prepaid Expenses | 2,558 | 1,552 |
| | 22,383 | 26,571 |
| **Net Assets** | $3,395,101 | $3,252,764 |
| **Net Assets** | | |
| Accumulated Surplus (Note 9) | $3,395,101 | $3,252,764 |

The accompanying notes and schedules are part of these financial statements.

**NATURAL RESOURCES CONSERVATION BOARD**
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**
**Year ended March 31**

| | 2016 | | 2015 |
|---|---|---|---|
| | Budget | Actual | Actual |
| **Annual Operating Surplus (Deficit)** | ($4,000) | $142,337 | $121,556 |
| Acquisition of Tangible Capital Assets | (17,000) | (7,698) | - |
| Amortization of Tangible Capital Assets (Note 7) | 30,000 | 12,892 | 20,773 |
| Change in Prepaid Expenses | - | (1,006) | 2,967 |
| **Increase in Net Financial Assets in the Year** | 9,000 | 146,525 | 145,296 |
| **Net Financial Assets, Beginning of Year** | 3,226,193 | 3,226,193 | 3,080,897 |
| **Net Financial Assets, End of Year** | $3,235,193 | $3,372,718 | $3,226,193 |

The accompanying notes and schedules are part of these financial statements.

**NATURAL RESOURCES CONSERVATION BOARD**
**STATEMENT OF CASH FLOWS**
**Year ended March 31**

| | 2016 | 2015 |
|---|---|---|
| **Operating Transactions** | | |
| Annual Operating Surplus | $142,337 | $121,556 |
| Non-cash Item: | | |
| Amortization of Tangible Capital Assets | 12,892 | 20,773 |
| | 155,229 | 142,329 |
| Decrease in Accounts Receivable | 570 | 11,883 |
| (Increase) Decrease in Prepaid Expenses | (1,006) | 2,967 |
| Decrease in Accounts Payable and Accrued Liabilities | (18,707) | (58,977) |
| Cash Provided by Operating Transactions | 136,086 | 98,202 |
| **Capital Transactions** | | |
| Acquisition of Tangible Capital Assets | (7,698) | - |
| Cash Applied to Capital Transactions | (7,698) | - |
| **Increase in Cash and Cash Equivalents** | 128,388 | 98,202 |
| **Cash and Cash Equivalents, Beginning of Year** | 3,574,798 | 3,476,596 |
| **Cash and Cash Equivalents, End of Year** | $3,703,186 | $3,574,798 |

The accompanying notes and schedules are part of these financial statements.

## NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations. The NRCB is exempt from income taxes under the *Income Tax Act*.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

### a) Basis of Financial Reporting

**Revenues**
All revenues are reported on the accrual basis of accounting.

Government Transfers
Transfers from the Government of Alberta are recorded as revenue when the transfer is authorized and the NRCB meets the eligibility criteria.

Investment Income
Investment income includes interest income and is recorded when earned.

**Expenses**
Expenses are reported on an accrual basis.

Directly Incurred
Directly Incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget.

Incurred by Others
Services contributed by other entities in support of NRCB's operations are not recognized and are disclosed in Note 10 and in Schedule 3.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### a) Basis of Financial Reporting (Cont'd)

**Valuation of Financial Assets and Liabilities**
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The NRCB's financial assets and liabilities are generally measured as follows:

| Financial Statement Components | Measurement |
|---|---|
| Cash and Cash Equivalents | Cost |
| Accounts Receivable | Lower Cost or Net Recoverable Value |
| Accounts Payable and Accrued Liabilities | Cost |

The NRCB does not hold equities traded in an active market, nor engages in derivative contracts or foreign currency transactions. The NRCB is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

**Financial Assets**
Financial assets are NRCB's financial claims on external organizations and individuals at the year end.

Cash and Cash Equivalents
Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable
Accounts receivable are recorded at the lower of cost or net recoverable value.

**Liabilities**
Liabilities represent present obligations of the NRCB to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Liabilities also include:
- all financial claims payable by the NRCB at the year end; and
- accrued employee vacation entitlements.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### a) Basis of Financial Reporting (Cont'd)

Liability for Contaminated Sites
Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. Management has reviewed the accounting standard PS 3260 and has concluded that the NRCB does not have any liability for contaminated sites.

**Non-Financial Assets**
Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets
Tangible capital assets are recorded at historical cost. The threshold for capitalizing new tangible capital assets is $5,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

| | |
|---|---|
| Computer Hardware | Straight line – 3 years |
| Computer Software | Straight line – 2 to 3 years |
| Office Equipment | Declining balance – 20% per year |
| Office Furniture | Declining balance – 20% per year |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the NRCB's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

Prepaid Expense
Prepaid expense are recorded at cost and amortized based on the terms of the agreement.

**Measurement Uncertainty**
Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies. The amounts recorded for amortization of tangible capital assets are based on estimates of the useful life of the related assets.

**Pension Expense**
The NRCB does not have sufficient plan information on the Government of Alberta multi-employer defined benefit pension plans to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the Government of Alberta multi-employer defined benefit pension plans is limited to the employer's annual contributions to the plans for the year.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

### b) Change in Accounting Policy

**Adoption of the Net Debt Presentation**
The net debt presentation (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net debt or net financial assets is measured as the difference between NRCB's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding the Statement of Change in Net Financial Assets.

## NOTE 3 FUTURE ACCOUNTING CHANGES

In June 2015 the Public Sector Accounting Board issued the following accounting standards:

- **PS2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**
  PS 2200 defines a related party and establishes disclosures required for related party transactions; PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**
  PS3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
  This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

## NOTE 4 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist primarily of deposits in the Consolidated Cash Investment Trust Fund (the CCITF). The CCITF is managed with the objectives of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The CCITF is a pool comprised of short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2016, securities held by the CCITF have a time weighted rate of return of 0.8% per annum (2015 - 1.2% per annum).

## NOTE 5 FINANCIAL INSTRUMENTS

The NRCB has the following financial instruments: accounts receivable and accounts payable and accrued liabilities.

The NRCB has exposure to the following risks from its use of financial instruments:
(a) Liquidity Risk
Liquidity risk is the risk that the NRCB will encounter difficulty in meeting obligations associated with financial liabilities. The NRCB does not consider this to be a significant risk as the NRCB collects government transfers quarterly to meet all obligations that arise during the year.

(b) Credit Risk
The NRCB is exposed to credit risk from potential non-payment of accounts receivable. As at March 31, 2016, there were no uncollectible receivable balances.

## NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2016 | 2015 |
|---|---|---|
| Accounts Payable | $37,318 | $44,590 |
| Accrued Liabilities - Employee Benefits | 294,634 | 306,069 |
| | $331,952 | $350,659 |

## NOTE 7 TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at historical cost less accumulated amortization.

| | 2016 | | | | | 2015 |
|---|---|---|---|---|---|---|
| | Computer Hardware | Computer Software | Office Equipment | Office Furniture | Total | Total |
| **Historical Cost** | | | | | | |
| Beginning of year | $188,237 | $13,742 | $45,406 | $201,785 | $449,170 | $449,527 |
| Additions | 7,698 | - | - | - | 7,698 | - |
| Disposals, including write-downs | (640) | - | - | - | (640) | (356) |
| | 195,295 | 13,742 | 45,406 | 201,785 | 456,228 | 449,171 |
| **Accumulated Amortization** | | | | | | |
| Beginning of year | 179,447 | 13,742 | 40,841 | 190,121 | 424,151 | 403,735 |
| Amortization expense | 9,646 | - | 913 | 2,333 | 12,892 | 20,773 |
| Effect of disposals including write-downs | (640) | - | - | - | (640) | (356) |
| | 188,453 | 13,742 | 41,754 | 192,454 | 436,403 | 424,152 |
| **Net Book Value at March 31, 2016** | $6,842 | $ - | $3,652 | $9,331 | $19,825 | $25,019 |
| **Net Book Value at March 31, 2015** | $8,790 | $ - | $4,565 | $11,664 | $25,019 | |

## NOTE 8 BENEFIT PLANS

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans is equivalent to the annual contribution of $85,470 for the year ended March 31, 2016 (2015 - $87,402). The NRCB is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2015, the Management Employees Pension Plan reported a surplus of $299,051,000 (2014 - surplus $75,805,000), and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $16,305,000 (2014 - deficiency $17,203,000).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $241,155 for the year ended March 31, 2016 (2015 - $245,261). Pension expense comprises the cost of employer contributions during the year.

## NOTE 9 ACCUMULATED SURPLUS

| | 2016 | | | 2015 |
|---|---|---|---|---|
| | Investment in Capital Assets | Unrestricted Surplus | Total | Total |
| Balance April 1, 2015 | $25,019 | $3,227,745 | $3,252,764 | $3,131,208 |
| Annual Operating Surplus | - | 142,337 | 142,337 | 121,556 |
| Net Investment in Capital Assets | (5,194) | 5,194 | - | - |
| Balance March 31, 2016 | $19,825 | $3,375,276 | $3,395,101 | $3,252,764 |

## NOTE 10 RELATED PARTY TRANSACTIONS

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel of the NRCB.

The NRCB and its employees paid certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this note.

The NRCB received $5,537,000 (2015 - $5,920,000) in net transfers from the Department of Environment and Parks. During the year, the NRCB paid $32,429 (2015 - $32,111) to various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $0 (2015 - $4,946) as payable to various government entities.

In addition, certain expenses for office space and parking incurred on behalf of the NRCB by the Department of Infrastructure are not reflected in the Statement of Operations. These expenses amount to $481,544 (2015 - $471,610) and are reflected in Schedule 3.

The NRCB has a Memorandum of Understanding (MOU) with the AER and an MOU with the Alberta Utilities Commission (AUC) to share resources on an on-going basis. Under the MOUs, the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed $0 (2015 - $7,798) in services to the AUC.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## NOTE 11 BUDGET

The budget was included in the 2015-16 Government Estimates. The budget was approved by the Board on June 9, 2015. The budget was modified and approved by the Board on February 3, 2016 to reflect the final Government of Alberta budget released on October 27, 2015.

## NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of the NRCB.

**NATURAL RESOURCES CONSERVATION BOARD**
**EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT**
**Year ended March 31, 2016**

**Schedule 1**

| | 2016 | | 2015 |
|---|---|---|---|
| | **Budget** | **Actual** | **Actual** |
| Salaries, Wages and Employee Benefits | $5,479,470 | $4,833,813 | $4,883,661 |
| Supplies and Services | 1,046,530 | 588,658 | 948,598 |
| Amortization of Tangible Capital Assets | 30,000 | 12,892 | 20,773 |
| | $6,556,000 | $5,435,363 | $5,853,032 |

**NATURAL RESOURCES CONSERVATION BOARD**
**SALARY AND BENEFITS DISCLOSURE**
**Year ended March 31, 2016**

**Schedule 2**

| | 2016 | | | | 2015 |
|---|---|---|---|---|---|
| | Base Salary[a] | Other Cash Benefits[b] | Other Non-cash Benefits[c] | Total | Total |
| Chair[d][e] | $174,071 | $23,333 | $34,690 | $232,094 | $223,315 |
| Board Member 1[f] | 101,889 | 6,506 | 35,060 | 143,455 | 139,877 |
| Board Member 2[e][g] | 84,905 | 5,159 | 27,817 | 117,881 | 174,139 |
| Board Member 3[f][h] | 13,118 | 1,848 | 3,427 | 18,393 | - |
| Board Member 4[f][i] | - | - | - | - | 74,058 |
| CEO | 200,863 | 12,810 | 56,954 | 270,627 | 257,433 |

(a) Base salary includes regular salary.

(b) Other cash benefits include health benefits pay in lieu and vacation payouts. There were no bonuses paid in 2016 and 2015.

(c) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, Non-Registered Savings Plan, health benefits, professional memberships, parking and WCB premiums. The NRCB is a participant in the Alberta Energy Regulator (AER) flexible health benefit plan.

(d) Automobile allowance included in other cash benefits.

(e) The position is 80% permanent part-time.

(f) The position is 60% permanent part-time.

(g) The term of the position expired on November 12, 2015.

(h) The position commenced on February 1, 2016.

(i) The position took an unpaid leave of absence starting October 1, 2014.

**NATURAL RESOURCES CONSERVATION BOARD**
**ALLOCATED COSTS**
**Year ended March 31, 2016**

**Schedule 3**

| | 2016 | | | 2015 |
|---|---|---|---|---|
| **AOPA and NRCBA Mandates** | **Expenses** | **Expenses incurred by others Office Costs [1]** | **Total Expenses** | **Total Expenses** |
| Board Reviews and Hearings[2] | $1,048,129 | $92,859 | $1,140,988 | $1,302,575 |
| Regulating Confined Feeding Operations[3] | 4,387,234 | 388,685 | 4,775,919 | 5,022,067 |
| | $5,435,363 | $481,544 | $5,916,907 | $6,324,642 |

(1) See Note 10, Related Party Transactions.

(2) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.

(3) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates.

# Alberta Environmental Monitoring, Evaluation and Reporting Agency

## Financial Statements

Year Ended March 31, 2016

AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Minister of Environment and Parks

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Alberta Environmental Monitoring, Evaluation and Reporting Agency, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Environmental Monitoring, Evaluation and Reporting Agency as at March 31, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

June 3, 2016

Edmonton, Alberta

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**STATEMENT OF OPERATIONS**
**Year ended March 31, 2016**
**(in thousands)**

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|---|---|---|
| **Revenues (Schedule 1):** | | | |
| Government Transfers - Grants | $ 78,000 | $ 68,834 | $ 48,513 |
| - In Kind | | 10,045 | - |
| Investment Income | 700 | 407 | 292 |
| Other Revenue | | 152 | - |
| | 78,700 | 79,438 | 48,805 |
| **Expenses by Program (Note 2(b) and (Schedule 2):** | | | |
| Chief Executive Office and Board | 1,146 | 1,367 | 1,862 |
| Corporate Services | 4,570 | 5,451 | 3,445 |
| Monitoring | 51,246 | 45,295 | 40,322 |
| Science | 18,031 | 13,019 | 95 |
| Strategy and External Relations | 3,221 | 2,366 | 202 |
| | 78,214 | 67,498 | 45,926 |
| Annual Operating Surplus | 486 | 11,940 | 2,879 |
| Accumulated Surplus at Beginning of Year | - | 2,879 | - |
| Accumulated Surplus at End of Year | $ 486 | $ 14,819 | $ 2,879 |

The accompanying notes and schedules are an integral part of these financial statements.

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**STATEMENT OF FINANCIAL POSITION**
**As at March 31, 2016**
**(in thousands)**

| | 2016 | 2015 |
|---|---|---|
| **Financial Assets:** | | |
| Cash and Cash Equivalents (Note 4) | $ 36,760 | $ 24,101 |
| Accounts Receivable (Note 5) | 710 | 6,330 |
| | 37,470 | 30,431 |
| **Liabilities:** | | |
| Accounts Payable and Accrued Liabilities (Note 6) | 17,654 | 20,963 |
| Deferred Revenue (Note 7) | 15,082 | 6,590 |
| | 32,736 | 27,553 |
| Net Financial Assets | 4,734 | 2,878 |
| **Non-Financial Assets:** | | |
| Tangible Capital Assets (Note 10) | 10,033 | - |
| Prepaid Expenses | 52 | 1 |
| | 10,085 | 1 |
| Net Assets | $ 14,819 | $ 2,879 |
| **Accumulated Surplus:** | | |
| Accumulated Surplus at End of Year | $ 14,819 | $ 2,879 |

Contractual obligations and commitments are found in Note 11.

The accompanying notes and schedules are an integral part of these financial statements.

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**
**Year ended March 31, 2016**
**(in thousands)**

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|---|---|---|
| Annual Operating Surplus | $ | $ 11,940 | $ 2,879 |
| Acquisition of Tangible Capital Assets | (1,027) | (1,484) | - |
| In kind transfer of Capital Assets | | (10,045) | - |
| Amortization of Tangible Capital Assets | 1,667 | 1,495 | - |
| (Gain) on Sale or Disposal of Tangible Capital Assets | | (2) | - |
| Proceeds on Sale or Disposal of Tangible Capital Assets | | 3 | - |
| Change in Prepaid Expenses | | (51) | (1) |
| Increase in Net Financial Assets in the Year | 640 | 1,856 | 2,878 |
| Net Financial Assets at Beginning of Year | 2,878 | 2,878 | - |
| Net Financial Assets at End of Year | $ 3,518 | $ 4,734 | $ 2,878 |

The accompanying notes and schedules are an integral part of these financial statements.

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**STATEMENT OF CASH FLOWS**
**Year ended March 31, 2016**
**(in thousands)**

| | 2016 | 2015 |
|---|---|---|
| **Operating Transactions:** | | |
| Annual Operating Surplus | $ 11,940 | $ 2,879 |
| Non-Cash Items: | | |
| Amortization of Tangible Capital Assets | 1,495 | - |
| (Gain) on Sale or Disposal of Tangible Capital Assets | (2) | - |
| | 13,433 | 2,879 |
| Decrease (Increase) in Accounts Receivable | 5,620 | (6,330) |
| (Increase) in Prepaid Expenses | (51) | (1) |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (3,309) | 20,963 |
| Increase in Deferred Revenue | 8,492 | 6,590 |
| Cash Provided by Operating Transactions | 24,185 | 24,101 |
| **Capital Asset Transactions:** | | |
| Acquisition of Tangible Capital Assets | (1,484) | - |
| In kind transfer of Capital Assets | (10,045) | - |
| Proceeds on Sale or Disposal of Tangible Capital Assets | 3 | - |
| Cash (Applied to) Capital Asset Transactions | (11,526) | - |
| Increase in Cash and Cash Equivalents | 12,659 | 24,101 |
| Cash and Cash Equivalents at Beginning of Year | 24,101 | - |
| Cash and Cash Equivalents at End of Year | $ 36,760 | $ 24,101 |

The accompanying notes and schedules are an integral part of these financial statements.

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**NOTES TO THE FINANCIAL STATEMENTS**
**March 31, 2016**
**(in thousands)**

## Note 1 Authority and Purpose

Alberta Environmental Monitoring, Evaluation and Reporting Agency ("AEMERA") was created on April 28, 2014 and operates under the authority of the *Protecting Alberta's Environment Act*, Chapter P-26.8, Statutes of Alberta, 2013.

The purpose of AEMERA is to:

- Obtain credible and relevant scientific data and other information regarding the condition of the environment in Alberta,
- Ensure data and other information are available and reported to the public in an open and transparent manner, and,
- Any other purpose prescribed by the Lieutenant Governor in Council.

Under the Act, AEMERA was established as a provincial Crown corporation governed by a Board of Directors appointed by the Lieutenant-Governor in Council. AEMERA is exempt from income taxes under the *Income Tax Act*. As AEMERA is not an agent of Crown it is subject to the Goods and Services Tax.

On May 27, 2016, Bill 18 received Royal Assent, repealing the *Protecting Alberta's Environment Act* and has an effective date of June 30, 2016, dissolving AEMERA. Bill 18 also amends Alberta's *Environmental Protection and Enhancement Act* to create the role of Chief Scientist and to continue the Science Advisory Panel and the Indigenous Wisdom Advisory Panel established by AEMERA. The core AEMERA functions of science and monitoring will be transitioned into the new Environmental Monitoring and Science Division at the Department of Alberta Environment and Parks.

## Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS").

### (a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is the Alberta Environmental Monitoring, Evaluation and Reporting Agency. AEMERA is controlled by and fully consolidated in the Ministry of Environment and Parks, for which the Minister of Alberta Environment and Parks is accountable. Inter-entity accounts and transactions between AEMERA and any of the entities included in the ministry are eliminated upon consolidation within the ministry's financial statements.

### (b) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates. Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Measurement Uncertainty (cont'd)**

While best estimates have been used for reporting items subject to measurement uncertainty, AEMERA considers it possible, based on existing knowledge, that change in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements. The amounts recorded for amortization of tangible capital assets are based on estimates of useful life of the related assets.

**(c) Revenues**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue. Government transfers in the form of grants with stipulations are reported as deferred revenue in note 2(d).

**(d) Government Transfers**

Transfers from the Government of Alberta, the federal government and other governments, as well as other government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred capital contributions or deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with AEMERA's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, AEMERA complies with its communicated use of the transfer.

All other government transfers, without stipulations for use of the transfer, are recorded as revenue when the transfer is authorized and AEMERA meets the eligible criteria, if any.

**(e) Investment Income**

Investment income is recognized in the period in which income is earned.

**(f) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Foreign exchange gains and losses are reflected within the cost of goods and services.

Transfers provided include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria, if any, have been met by the recipient and a reasonable estimate of the amount can be made.

## Note 2 Significant Accounting Policies and Reporting Practices (continued)

### (g) Valuation of Financial Assets and Liabilities

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial liabilities are any liabilities that are contractual obligations: to deliver cash or another financial asset to another entity; or to exchange financial instruments with another entity under conditions that are potentially unfavourable.

AEMERA does not have any financial instruments classified in the fair value category, and does not hold derivative contracts. As a consequence, these statements do not present a statement of remeasurement gains and losses as AEMERA has no remeasurement gains and losses.

AEMERA's financial assets and financial liabilities are generally measured as follows:

| Financial Statement Component | Measurement |
|---|---|
| Cash and cash equivalents | Cost |
| Accounts receivable | Lower of cost or net recoverable value |
| Accounts payable and accrued liabilities | Cost |

### (h) Financial Assets and Financial Liabilities

AEMERA's financial assets are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals. Its financial liabilities are limited to accounts payable and accrued liabilities and other forms of indebtedness and determinable legal liabilities.

### (i) Cash and Cash Equivalents

Cash is comprised of cash on hand and cash on demand deposits in the Province of Alberta's Consolidated Cash Investment Trust Fund ("CCITF") as described in Note 4, including any allocated interest not yet transferred to CCITF participants. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(j) Accounts Receivable**

Accounts receivable are recorded at the lower of cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

**(k) Liabilities**

Liabilities represent current obligations of AEMERA to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount. Liabilities also include: all financial claims payable by AEMERA at the year end and accrued employee vacation entitlements.

**(l) Non-Financial Assets**

Non-financial assets are limited to tangible capital assets and prepaid expenses, and are accounted for by AEMERA as they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of AEMERA unless they are sold.

**(m) Tangible Capital Assets**

Tangible capital assets are recorded at historical cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Work in progress, which includes equipment, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives of the asset as follows:

| Tangible Capital Asset Category | Estimate of Useful Life |
|---|---|
| Land improvements | 10 - 40 years |
| Buildings | 10 years |
| Furniture and equipment | 10 - 21 years |
| Computer hardware and software | 3 years |
| Bridges | 40 years |

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(m) Tangible Capital Assets (continued)**

Tangible capital assets are written down when conditions indicate they no longer contribute to AEMERA's ability to provide goods and services, or when the value of future economic benefits associated with them are less than their net book values. The net write downs are expensed in the statement of operations.

The threshold for capitalizing all tangible capital assets is $ 5.

Contributed tangible capital assets are recognized in liabilities and amortized to revenue over their useful lives. Unless not reasonably determinable, contributed tangible capital assets are recorded at fair value. AEMERA has not recorded any additions at nominal value.

**(n) Prepaid Expenses**

Prepaid expense are recorded at cost and amortized based on the terms of the agreement.

**Note 3 Change in Accounting Policy for adoption of Net Debt Presentation**

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. The net debt presentation (with reclassification of comparatives) has been adopted for these financial statements. Net debt or net financial assets is measured as the difference between AEMERA's financial assets and liabilities. A net financial assets balance indicates the extent of AEMERA's government transfers and operating revenues to net assets resulting from settlement of its financial assets and liabilities. The effect of this change results in changing the presentation of the Statement of Financial Position and adding the Statement of Change in Net Financial Assets.

**Note 4 Cash and Cash Equivalents**

Cash consists of funds on demand deposits in the Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of investments in high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. For the year ended March 31, 2016, securities held by the CCITF had a time-weighted return of 0.8% (2015 – 1.2%) per annum.

## Note 5 Accounts Receivable

Accounts receivable are unsecured and non-interest bearing.

| | Gross Amount | Allowance for Doubtful Accounts | 2016 Net Realizable Value | 2015 Net Realizable Value |
|---|---|---|---|---|
| Accounts Receivable from Entities in the Ministry (schedule 4) | $ 5 | $ - | $ 5 | $ 4,639 |
| Accounts Receivable from Other Entities (schedule 4) | 2 | - | 2 | 102 |
| GST Receivable | 708 | - | 708 | 1,589 |
| | $ 710 | $ - | $ 710 | $ 6,330 |

## Note 6 Accounts Payable and Accrued Liabilities

| | 2016 | 2015 |
|---|---|---|
| Accounts Payable General | $ 641 | $ 122 |
| Accounts Payable to Entities in the Ministry (schedule 4) | 2,050 | 17,310 |
| Accounts Payable to Other Entities (schedule 4) | 623 | 10 |
| Accrued Employee Benefit Liabilities | 800 | - |
| Accrued Liabilities | 13,540 | 3,521 |
| | $ 17,654 | $ 20,963 |

## Note 7 Deferred Revenue

| | 2016 | 2015 |
|---|---|---|
| Balance beginning of year | $ 6,590 | $ - |
| Received/ receivable during year | 49,326 | 46,103 |
| Less amount recognized as revenue | (40,834) | (39,513) |
| Balance end of year | $ 15,082 | $ 6,590 |

The deferred revenue represents restricted grants from the Department of Environment and Parks. These funds are collected by the Department from industry for monitoring activities as described in the Oil Sands Annual Monitoring Plan, and may only be expended for oil sands monitoring activities.

## Note 8 Financial Risk Management

AEMERA has the following financial instruments: accounts receivable, accounts payable and accrued expenses. AEMERA has exposure to the following risks from use of financial instruments.

### (a) Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. AEMERA conducts a significant amount of business through contracts. Credit risk on accounts receivable is considered low as amounts owing by third parties are usually immaterial and significant amounts owing are due from related parties.

### (b) Liquidity Risk

Liquidity risk is the risk AEMERA will not be able to meet its obligations as they fall due. Liquidity risk is associated with AEMERA's financial liabilities. AEMERA's exposure to liquidity risk arises due to its cash flow requirements to fulfill payment of its account payable and accrued liabilities. AEMERA manages this risk by obtaining adequate funding from the Department of Environment and Parks, by maintaining a prudent accumulated surplus that it can use to finance future operations and relying on the Department of Treasury Board and Finance to pay operating expenses initially and then refunding the advanced cash.

## Note 9 Benefit Plans

AEMERA participates in the following multi-employer pension plans: the Public Service Pension Plan (PSPP)), the Management Employees' Pension Plan (MEPP) and the Management Supplementary Retirement Plan (SPR).

AEMERA accounts for these multi-employer pension plans on a defined contribution basis. AEMERA is not responsible for future funding of the plan deficit other than through contribution increases. AEMERA provides non-contributory defined benefit supplementary retirement benefits to its executives.

AEMERA does not have sufficient plan information on the MEPP/ PSPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the MEPP/ PSPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

## Note 10 Tangible Capital Assets

| | Buildings | Leasehold Improvements | Equipment | IT Hardware and Software | Bridges | Land Improvements | 2016 |
|---|---|---|---|---|---|---|---|
| **Work-in-Progress:** | | | | | | | |
| Beginning of year | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Additions or transfers-in[a] | - | - | 474 | - | - | - | 474 |
| | - | - | 474 | - | - | - | 474 |
| **Historical Cost:** | | | | | | | |
| Beginning of year | - | - | - | - | - | - | - |
| Additions or transfers-in[a] | 360 | 330 | 19,344 | 35 | 13 | 2,136 | 22,218 |
| Transfers-out | - | - | (35) | - | - | - | (35) |
| Disposals, including write downs | - | - | (8) | - | - | - | (8) |
| | 360 | 330 | 19,301 | 35 | 13 | 2,136 | 22,175 |
| **Accumulated Amortization:** | | | | | | | |
| Balances from transfers[a] | (78) | - | (10,637) | (4) | (1) | (408) | (11,128) |
| Amortization expense | (36) | (14) | (1,253) | (4) | - | (188) | (1,495) |
| Effect of disposals, including write downs | - | - | 7 | - | - | - | 7 |
| | (114) | (14) | (11,883) | (8) | (1) | (596) | (12,616) |
| Net book value – at March 31, 2016 | $ 246 | $ 316 | $ 7,892 | $ 27 | $ 12 | $ 1,540 | $ 10,033 |
| Net book value – at March 31, 2015 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

[a] In kind transfer from Alberta Environment and Parks

## Note 11 Contractual Obligations

Contractual obligations are obligations of AEMERA to others that will become liabilities in the future when the terms of the contracts or agreements are met. AEMERA has obligations under an operating lease expiring on October 31, 2025 for the rental of premises, and various other obligations for supplies and services under contracts entered into before March 31, 2016 as follows.

| | 2016 | 2015 |
|---|---|---|
| **Obligations Under Contracts:** | | |
| Operating Lease | $ 60,443 | $ 1,000 |
| Service Contracts | 9,061 | - |
| | $ 69,504 | $ 1,000 |

The estimated aggregate amounts payable for the unexpired terms of these contractual obligations for each of the next five years and thereafter are as follows:

| | 2016 |
|---|---|
| **Obligations Under Contracts:** | |
| 2017 | $ 17,133 |
| 2018 | 15,203 |
| 2019 | 15,520 |
| 2020 | 15,542 |
| 2021 | 1,019 |
| Thereafter | 5,087 |
| | $ 69,504 |

## Note 12 Contingent Liabilities for Legal Claims

At March 31, 2016, AEMERA was not named as defendant in any specific legal actions.

## Note 13 Subsequent Events

On May 27, 2016, Bill 18 received Royal Assent, repealing the *Protecting Alberta's Environment Act* and has an effective date of June 30, 2016, dissolving AEMERA. Bill 18 also amends Alberta's *Environmental Protection and Enhancement Act* to create the role of Chief Scientist and to continue the Science Advisory Panel and Indigenous Wisdom Advisory Panel established by AEMERA. The core AEMERA functions of science and monitoring will be transitioned into the new Environmental Monitoring and Science Division at the Department of Alberta Environment and Parks. The members of the Board of Directors were terminated by Order in Council on April 7, 2016. AEMERA's CEO continues in office until June 30, 2016 and the Minister of Environment and Parks assume the governance role of the Board of Directors in the interim.

## Note 14 Comparative Figures

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

## Note 15 Budget

A preliminary Oil Sands Monitoring work plan was approved by the Board on December 18, 2014 and submitted to the Minister of Environment and Parks. On February 24, 2015 the Board approved additional Oil Sands Monitoring plans. AEMERA's 2016 grant revenue of $78 million was included in the updated 2015-16 Government Estimates of October 2015 under the Ministry of Environment and Parks.

## Note 16 Approval of Financial Statements

In the absence of a Board of Directors and an Audit Committee, the Financial Statements were approved by the President & Chief Executive Officer and the Director of Financial Services on June 3, 2016.

Schedule 1

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**REVENUES**
**March 31, 2016**
**(in thousands)**

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|---|---|---|
| **Government Transfers:** | | | |
| Government of Alberta – Department of Environment and Parks | | | |
| - Grants | $ 78,000 | $ 68,834 | $ 48,513 |
| - In Kind | | 10,045 | - |
| Investment Income | 700 | 407 | 292 |
| **Other Revenue:** | | | |
| Prior Year Refund of Expenditure | | 126 | - |
| Conference registration fees | | 24 | - |
| Gain on Sale or Disposal of Tangible Capital Assets | | 2 | - |
| | $ 78,700 | $ 79,438 | $ 48,805 |

Schedule 2

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**EXPENSES DETAILED BY OBJECT**
**Year ended March 31, 2016**
**(in thousands)**

| | 2016 Budget | 2016 Actual | 2015 Actual |
|---|---|---|---|
| Salaries, Wages and Employee Benefits | $ 10,522 | $ 12,133 | $ 4,591 |
| Supplies and Services | 62,983 | 48,097 | 41,335 |
| Grants | 3,042 | 5,773 | - |
| Amortization of Tangible Capital Assets | 1,667 | 1,495 | - |
| | $ 78,214 | $ 67,498 | $ 45,926 |

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**SALARY AND BENEFITS DISCLOSURE**
**Year ended March 31, 2016**
**(in thousands)**

| | Base Salary[a] | Other Cash Benefits[b] | Other Non-Cash Benefits[c] | 2016 | 2015 |
|---|---|---|---|---|---|
| **Board of Directors:** | | | | | |
| Chairman of the Board | $ - | $ 60 | $ - | $ 60 | $ 61 |
| Board Members[d] | $ - | $ 256 | $ 8 | $ 264 | $ 269 |
| **Executive:** | | | | | |
| President and Chief Executive Officer [e] | $ 288 | $ 42 | $ 14 | $ 344 | $ 304 |
| Vice President and Chief Scientist [f] | $ 231 | $ - | $ 69 | $ 300 | $ - |
| Vice President and Chief Environmental Monitoring Officer [g] | $ 142 | $ - | $ 44 | $ 186 | $ - |
| Vice President of Corporate Services and Chief Financial Officer [h] | $ 188 | $ - | $ 58 | $ 246 | $ - |
| Vice President of Strategy and External Relations [i] | $ 164 | $ - | $ 52 | $ 216 | $ - |

(a) Base salary includes regular salary.
(b) Other cash benefits include honoraria and lump sum payments. There were no bonuses paid in 2016.
(c) Other non-cash benefits include AEMERA's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans and professional memberships.
(d) The Board Members were appointed on April 28, 2014. The board consists of seven independent members including the Chairman, whose honorarium is disclosed separately. The totals include AEMERA's share of Canada Pension Plan contributions for Board Members as Other Non-cash Benefits.
(e) The current CEO started effective October 1, 2014. In the prior year, the CEO position was occupied by two individuals.
(f) This vice president commenced employment on April 7, 2015.
(g) This vice president commenced employment on May 19, 2015.
(h) This vice president commenced employment on May 4, 2015.
(i) This vice president commenced employment on May 19, 2015.

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY** **Schedule 4**
**RELATED PARTY TRANSACTIONS**
**Year ended March 31, 2016**
**(in thousands)**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties include key management in AEMERA.

AEMERA and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

AEMERA had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

| | 2016 Entities in the Ministry | 2016 Other Entities | 2015 Entities in the Ministry | 2015 Other Entities |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Grants from Alberta Environment and Parks | $ 68,834 | $ - | $ 48,513 | $ - |
| In Kind Transfers from Alberta Environment and Parks | 10,045 | - | - | - |
| | $ 78,879 | $ - | $ 48,153 | $ - |
| **Expenses:** | | | | |
| Grants | $ - | $ 323 | $ - | $ - |
| Supplies and Services | - | 154 | - | - |
| Contracts | - | 2,405 | - | - |
| | $ - | $ 2,882 | $ - | $ - |
| **Accounts Receivable:** | | | | |
| Environment and Parks | $ 5 | $ - | $ 4,639 | $ - |
| Alberta Energy Regulator | - | 2 | - | - |
| Municipal Affairs | - | - | - | 102 |
| | $ 5 | $ 2 | $ 4,639 | $ 102 |

**ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY**
**RELATED PARTY TRANSACTIONS**
**Year ended March 31, 2016**
**(in thousands)**

| | 2016 Entities in the Ministry | 2016 Other Entities | 2015 Entities in the Ministry | 2015 Other Entities |
|---|---|---|---|---|
| **Accounts Payable:** | | | | |
| Environment and Parks | $ 2,050 | $ 20 | $ 17,310 | $ - |
| Economic Development | - | 101 | - | - |
| Health | - | 8 | - | - |
| Advanced Education | - | 404 | - | - |
| Agriculture and Forestry | - | 1 | - | - |
| Treasury Board and Finance | - | 89 | - | 10 |
| | $ 2,050 | $ 623 | $ 17,310 | $ 10 |
| **Deferred Revenue:** | | | | |
| Environment and Parks | $ 15,082 | $ - | $ 6,590 | $ - |

# Other Information

**Ministry of Environment and Parks**
**Unaudited Statement of Remissions, Compromises and Writeoffs**
**Year Ended March 31, 2016**

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

| | | |
|---|---|---|
| Remission under Section 21 of the *Financial Administration Act* | | $ - |
| Compromises under Section 22 of the *Financial Administration Act* | | - |
| Write-offs: | | |
| Departmental Accounts Receivable | 12,851 | |
| Department Accounts Payable Credits | - | |
| Total Write-offs | | 12,851 |
| Total Remissions, Compromises and Write-offs | | $ 12,851 |

# Statutory Report

***Public Interest Disclosure Act***

Section 32 of the *Public Interest Disclosure Act* requires the ministry to report annually on the following parts of the Act:

(a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) The number of investigations commenced by the designated officer as a result of disclosures;

(c) In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

There was one disclosure of wrongdoing filed with the Public Interest Disclosure Office for the ministry between April 1, 2015 and March 31, 2016. The investigation report was completed and sent to the Chief Officer in January 2016. No wrongdoing was found.